

City of Bellingham, Washington

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2010



Marine Park



City of Bellingham, Washington

Audited Comprehensive Annual Financial Report For the Fiscal Year Ended December 31, 2010

Finance Director

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Financial Reports Website: <http://www.cob.org/government/departments/finance/reports.aspx>



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FINANCE DEPARTMENT
City Hall, 210 Lottie Street
Bellingham, Washington 98225
John Carter, Director

September 26, 2011

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

I am pleased to submit the City of Bellingham's 2010 Comprehensive Annual Financial Report (CAFR).

State law requires that cities with populations of 25,000 or more publish financial statements in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by the Washington State Auditor's Office under the Revised Code of Washington (RCW) 43.09.020. Pursuant to that requirement, we hereby issue the City's CAFR for the fiscal year ended December 31, 2010.

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 Bellingham'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 units, the Bellingham-Whatcom Public Facilities District (PFD) and the Bellingham Public Development Authority (BPDA), separately from City activities in the government-wide statement of net assets, 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 Management's Discussion and Analysis (MD&A). The City's MD&A can be found immediately following the report of the independent auditors.

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,

John Carter
Finance Director





**Washington State Auditor
Brian Sonntag**

Mayor and City Council
City of Bellingham
Bellingham, Washington

As described in our Independent Auditor's Report on Financial Statements, dated September 16, 2011, 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, 2010, which collectively comprise the City's basic financial statements. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, as of December 31, 2010, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, Street Fund, HUD Grant Fund and 2004 PFD/Civic Fld LTGO Bond funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report 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. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and pension trust fund information and post-employment benefits other than pensions information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. This schedule is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag", written in a cursive style.

BRIAN SONNTAG, CGFM
STATE AUDITOR

September 16, 2011

Excerpt from audit report number 1006404 available at www.sao.wa.gov

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Bellingham (City) presents this discussion and analysis as part of the financial statements for the fiscal year ending December 31, 2010. 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 declined in 2010 as compared to 2009 by \$6.9 million. This decline was caused by a 306% increase in economic environment expense due to a change in the accounting method for deferred revenue and a 51% increase in culture and recreation expense due to GASB 49 requirements to account for future potential pollution remediation liabilities. The government-wide assets exceed liabilities at December 31, 2010, by \$610.4 million. Of this amount, the use of \$33.7 million is unrestricted and may be used to meet the City's ongoing obligations.
- The governmental funds ending balance increased \$21.4 million from 2009, ending 2010 at \$74 million. Of this amount, the use of \$44.8 million is unreserved and available for spending at the City's discretion.
- At the end of the current fiscal year the general fund's unreserved fund balance is \$12.5 million. This unreserved fund balance would cover 21% or 2.5 months of 2010 general fund operating expenditures. This is a decrease of \$238 thousand from 2009.
- Total governmental activity revenues increased by \$14.4 million, or 14.8%. Tax revenues declined by \$363 thousand, or .6%. Property tax, retail sales and use tax and interfund tax all increased, while business tax decreased.
- The proprietary funds total net assets decreased \$606 thousand from 2009, ending 2010 at \$220.2 million. Of this amount, the use of \$7.1 million is unrestricted.
- The total bonded debt at December 31, 2010, is \$45.5 million. This consists of \$25.2 million in general obligation bonds, \$20 million in revenue bonds, and \$213 thousand in special assessment bonds. This is a \$6 million reduction in government-wide bonded debt from 2009.

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 types.

- The **statement of net assets** presents information on assets and liabilities similar to a private sector balance sheet. The difference between assets and liabilities becomes the "net" asset. The **statement of activities** reports the change in net assets 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 two discrete component units, the Bellingham-Whatcom Public Facility District (PFD) and the Bellingham Public Development Agency (BPDA). The operations of the PFD and the BPDA are legally separate from the City and governed by interlocal agreements between the City and these organizations. Discussion in the MD&A does not include the revenues, expenses, assets, or liabilities of these discrete component units.

Fund financial statements provide detailed information about the City's most significant funds, not the City as a whole, and are used to track specific sources of funding and spending. Major funds are separately reported while all others 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, a portion of public works and general administration. 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. These statements demonstrate compliance with the City's adopted and final revised budget.

Proprietary funds represent activities the City operates similar to private business 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 five major funds; water, wastewater, storm and surface water, solid waste and medic one, as well as four other non-major enterprise funds.

Internal service funds are used to report activities that provide supplies and services for many City programs. The internal service funds account for fleet maintenance, purchasing, facilities, telecommunications, claims and litigation, and employee benefits. 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 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 such as police and firefighters pension 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 assets and a statement of changes in net assets. 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.

In 2010, changes have been made in the accounting treatment of deferred revenue that results in the \$19.3 million reduction of deferred revenue and the increase in the government-wide undesignated fund balance and net assets (see note V-J). Caution should be used when making comparisons with similar 2009 numbers where this accounting treatment has not been changed.

Government-wide financial analysis

Net assets

The City's net assets total \$610.4 million at December 31, 2010, an increase of 2% over December 31, 2009.

	2010	Incr (Decr) from 2009
Capital assets, net of related debt	\$ 515.4 million	\$ 28.1 million
Restricted assets	61.3 million	11.9 million
Unrestricted assets	33.7 million	(27.7) million
Total net assets	<u>\$ 610.4 million</u>	<u>\$ 12.3 million</u>

Capital assets, net of related debt, consisting of land, buildings, streets, and other significant investments, represent 84.4% of net assets, which is an increase of 2.9% from 2009. This amount is not considered liquid and not available for future spending.

Restricted resources 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 2010, restricted is 10% of net assets, which is an increase from the prior year. The remaining balance of unrestricted net assets are available to meet ongoing obligations. In 2010, this comprises 5.5% of net assets, a decrease of 4.8% of the total net assets from the prior year.

Net assets (in thousands)

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current	\$ 85,009	\$ 79,586	\$ 32,483	\$ 35,908	117,492	\$ 115,494
Noncurrent	24,304	25,844	12,781	13,481	37,085	39,325
Capital assets (net of depr)	<u>326,246</u>	<u>307,889</u>	<u>218,562</u>	<u>213,684</u>	<u>544,808</u>	<u>521,573</u>
Total assets	<u>435,559</u>	<u>413,319</u>	<u>263,826</u>	<u>263,073</u>	<u>699,385</u>	<u>676,392</u>
Liabilities						
Current	8,459	7,943	2,719	3,820	11,178	11,763
Current portion long-term	8,542	6,338	6,071	4,869	14,613	11,207
Long-term noncurrent	<u>28,290</u>	<u>21,746</u>	<u>34,872</u>	<u>33,614</u>	<u>63,162</u>	<u>55,360</u>
Total liabilities	<u>45,291</u>	<u>36,027</u>	<u>43,662</u>	<u>42,303</u>	<u>88,953</u>	<u>78,330</u>
Net assets						
Invested in capital assets, net of related debt	314,662	294,336	200,722	192,943	515,384	487,279
Restricted	48,969	36,300	12,337	13,055	61,306	49,355
Unrestricted	<u>26,636</u>	<u>46,656</u>	<u>7,105</u>	<u>14,772</u>	<u>33,741</u>	<u>61,428</u>
Total net assets	<u>\$ 390,267</u>	<u>\$ 377,292</u>	<u>\$ 220,164</u>	<u>\$ 220,770</u>	<u>\$ 610,431</u>	<u>\$ 598,062</u>

Changes in net assets

In 2010, government-wide net assets decreased by \$6.9 million, of which \$6.3 million are attributable to governmental activities. The decrease consists of \$5.6 million in expenses over revenues, and \$688 thousand in net transfers out.

Business-type activities' net assets decreased \$606 thousand. The decrease consists of \$1.3 million of expenses over revenues and \$688 thousand net transfers in from governmental activities. Prior period adjustments are not included in the above numbers.

Change in net assets (in thousands)

Net Assets (in thousands)	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Program revenues:						
Charges for services	\$ 21,390	\$ 16,887	\$ 49,297	\$ 47,585	\$ 70,687	\$ 64,472
Operating grants and contributions	6,836	6,195	62	4	6,898	6,199
Capital grants and contributions	19,831	9,921	1,437	1,845	21,268	11,766
General revenues:						
Property tax	16,999	16,684	-	-	16,999	16,684
Retail sales and use taxes	19,298	18,764	-	-	19,298	18,764
Interfund tax	4,136	3,895	-	-	4,136	3,895
Business tax	19,365	20,818	1,352	1,187	20,717	22,005
Other unrestricted revenues	4,111	4,348	598	784	4,709	5,132
Miscellaneous sources/(uses)	12	120	-	-	12	120
Total revenues	111,978	97,632	52,746	51,405	164,724	149,037
Program expenses:						
General government	14,201	14,627	-	-	14,201	14,627
Public safety	37,348	37,101	-	-	37,348	37,101
Physical environment	5,495	7,276	-	-	5,495	7,276
Transportation	10,973	10,851	-	-	10,973	10,851
Economic environment	24,403	6,016	-	-	24,403	6,016
Mental and physical health	78	47	-	-	78	47
Culture and recreation	24,152	15,949	-	-	24,152	15,949
Interest & other debt service costs	957	1,078	-	-	957	1,078
Water	-	-	14,684	15,131	14,684	15,131
Wastewater	-	-	14,896	15,355	14,896	15,355
Storm & surface water	-	-	5,110	4,769	5,110	4,769
Solid waste	-	-	7,697	5,439	7,697	5,439
Medic one	-	-	7,675	7,682	7,675	7,682
Other business type activities	-	-	3,978	4,187	3,978	4,187
Total expenses	117,607	92,945	54,040	52,563	171,647	145,508
Excess or deficiency before any transfers or gain (loss) on sale of capital assets	(5,629)	4,687	(1,294)	(1,158)	(6,923)	3,529
Gain (loss) on sale of capital assets	-	-	-	(4)	-	(4)
Transfers	(688)	(220)	688	220	-	-
Change in net assets	(6,317)	4,467	(606)	(942)	(6,923)	3,525
Net assets - beginning	377,292	372,825	220,770	221,840	598,062	594,665
Prior period adjustments	19,292	-	-	(128)	19,292	(128)
Net assets - ending	\$ 390,267	\$ 377,292	\$ 220,164	\$ 220,770	\$ 610,431	\$ 598,062

Program revenues and expenses – government-wide

In 2010, overall government-wide revenues increased 10.5% from 2009, to \$165 million. The majority of the increase is attributable to capital grants and contributions increasing from \$11.8 million in 2009 to \$21.3 million in 2010. The national and local economy continue to struggle due to the economic downturn, which led to mixed results in the tax revenue. In 2010, government-wide property tax revenues increased 1.9% to \$17 million, and retail sales and use tax increased 2.8% to \$19.3 million while business tax decreased 5.8% to \$20.7 million (see fund level analysis).

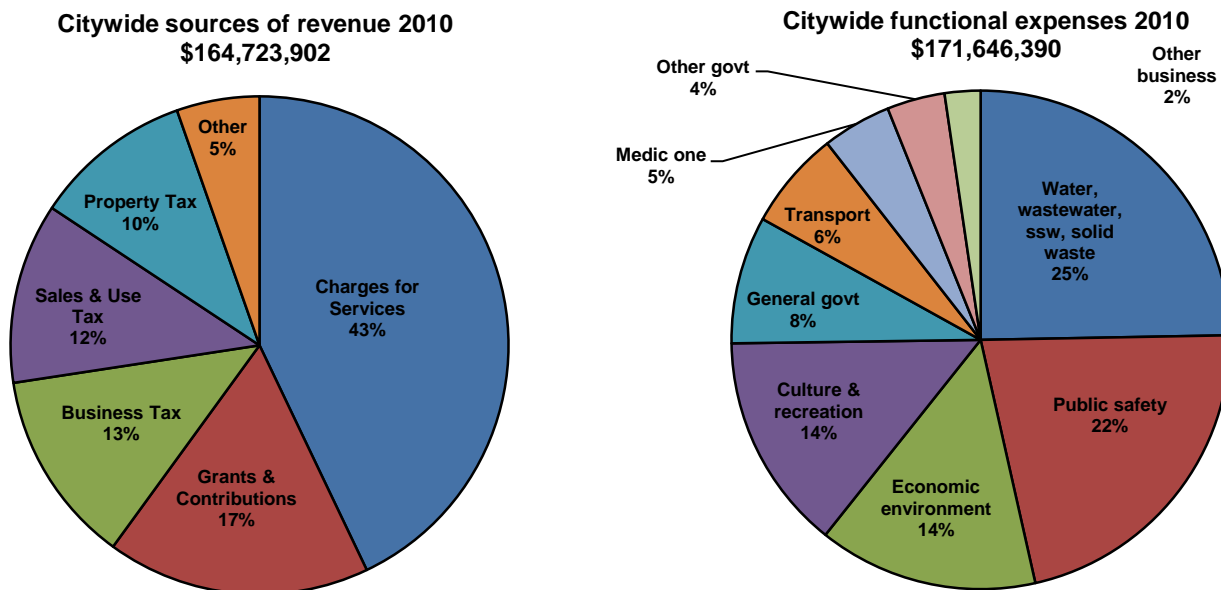
In 2010, overall government-wide expenses increased 18% from 2009, to \$171.6 million. This increase in expenses is up significantly from the 2009 increase of 3.3%. The large increase is due to a change in accounting procedure relating to deferred revenue (See Note V-J). Deferred revenue was removed from the balance sheet, which created a \$19.3 million decrease in fund balance.

Program revenues and expenses – governmental activities

Charges for services program revenue for governmental funds increased overall by \$4.5 million in 2010 from 2009. The largest increase in charges for services is \$6.1 million in general government due primarily to the accounting method change in municipal court of \$5.9 million in 2009, which lowered the 2009 accounts receivable balance and lowered the revenue in 2009. This increase is offset by a decrease in charges for services of \$19.3 million in economic environment due to the deferred revenue change discussed above. Last year, economic environment had \$1.6 million in charges for services. The \$19.3 million brought the revenues down to zero for the current year and the rest of the negative revenues were reclassified to expenses. Overall expenses for governmental programs increased by \$24.7 million from 2009 to 2010 due to the change in deferred revenue. General government decreased \$312 thousand and public safety increased \$241 thousand. Physical environment expenses decreased \$1.9 million, transportation expenses increased \$98 thousand, economic environment increased \$18.4 million from the deferred revenue change, and culture and recreation increased \$8.2 million in GASB 49 remediation expenses. Public safety is the largest governmental activity with 32% of all governmental activity expenses.

Program revenues and expenses – business-type activities

Charges for services revenue for the business-type funds increased \$1.7 million in 2010 from 2009. Water revenues increased by \$1.4 million and wastewater increased by \$721 thousand due to an increase in usage rates. Overall expenses for business-type activities increased by \$1.5 million in 2010 from 2009. Solid waste expenses increased further to \$7.7 million in 2010 from \$5.4 million in 2009 due to an additional increase in GASB 49 required booking of an estimated pollution remediation liability to \$11 million as of 2010 (see note V-C). Other business-type activities that experienced overall expense increases are surface and stormwater at \$341 thousand and parking at \$83 thousand. Much of these increases are due to contractually required labor and benefit costs. Water expenses decreased \$447 thousand, wastewater \$458 thousand, cemetery \$73 thousand, golf Course \$18 thousand and medic one decreased \$8 thousand as a result of staff layoffs and departments cutting back on overall expenses due to poor economic conditions. Medic one, which as an enterprise fund is shown separately from the governmental components of public safety, comprises 14% of business-type activity expenses and 4% of total government-wide expenses.



Fund level financial analysis

Governmental activities

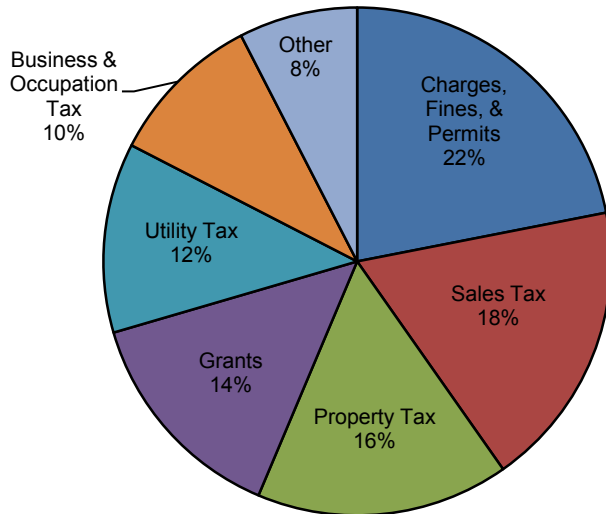
Revenues

Fund balance in governmental funds increased \$2.1 million with transfers, and an additional \$19.3 million as a result of a prior period adjustment due to a change in accounting method, to \$74 million in 2010. Overall governmental revenues remained relatively static with a .01% increase over 2009. Non-capital and non-debt related expenditures decreased by 5.7%. The increase in governmental fund balance is due primarily to the prior period adjust of \$19.3 million.

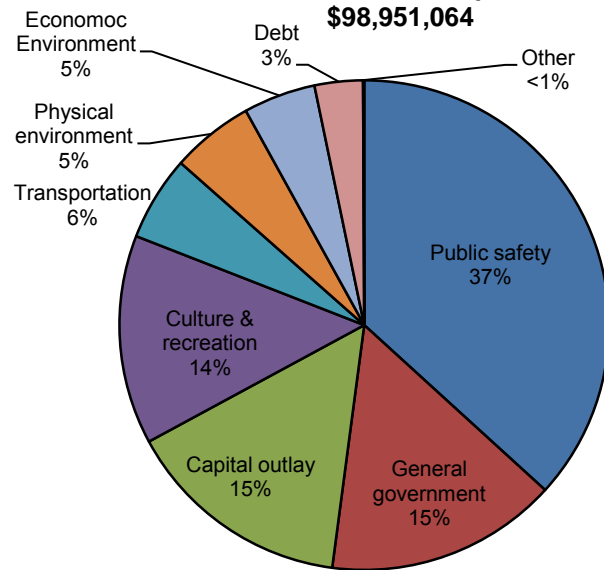
Tax revenue is the City's most significant source of governmental revenue, representing 59.2% of total governmental revenue and 77.3% of general fund revenue. Tax revenue supports services such as fire, police and parks which are basic to the City's mission; although they do not generate substantial revenue. The major tax categories are retail sales and use, business and occupation, property and utility tax. Tax collections overall in these major categories decreased .06% from 2009 to 2010:

- Sales tax revenue decreased 13.1% in 2009 and increased 2.8% in 2010 totaling \$19.3 million.
- Business and occupation tax revenue decreased 10.7% in 2009 and another 3.8% in 2010 totaling \$10.4 million.
- Property tax revenue increased .2% in 2009 and another 1.7 % in 2010 totaling \$16.9 million.
- Utility tax revenue collected from both private and City owned utilities increased 5.6% in 2009 and decreased 5.9% in 2010 totaling \$12.7 million.

Governmental activities revenue 2010
\$105,265,083



Governmental activities expenditure 2010
\$98,951,064



Expenditures

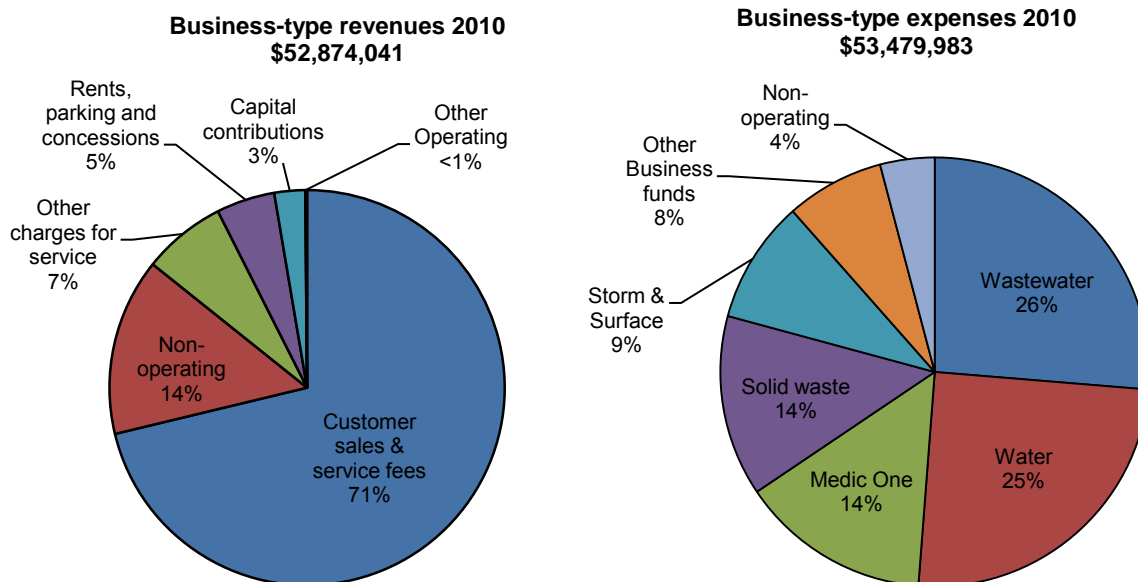
Public safety consisting of fire, police and municipal court accounts for 37% of governmental expenditures. Capital outlay accounts for 15% of governmental expenditures. General government type expenditures are typically overhead in nature, providing management, accounting, legal, personnel and technical services required by operating programs. They comprise 15% of governmental expenditures. Culture and recreation services include most parks and recreation programs, the museum and the library. They represent another 14% of governmental expenditures. Additionally, transportation 6%, physical environment 5%, economic environment 5%, debt service 3%, and finally other miscellaneous accounts for <1% of total governmental expenditures.

Business-type activities

Net assets decreased by \$606 thousand, for a total of \$220.2 million in business-type funds. Operating revenues decreased by <1%, and operating expenses increased by <1%.

The financial position of the City's business-type funds is largely influenced by the water and wastewater funds. Together they comprise 72% of operating revenues, 53% of expenses, and 86% of net assets.

Medic one and the cemetery are the only business-type activities that require support from the general fund. In 2010, the cemetery received \$221 thousand and medic one received \$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 2010, the City has 36 governmental funds. The City classifies four of these funds as major funds. The general fund is the primary governmental fund. The street fund is responsible for maintenance of streets and engineering services. The 2004 PFD/Civic Field LTGO Bond fund accounts for the debt service of this bond. The HUD grant fund accounts for major federal grant activity.

The following comparisons do not include prior period adjustments in order to focus on current operations.

The general fund balance decreased \$445 thousand in part to decreases in business tax revenues due to the ongoing downturn in the local and national economy. The HUD Grant fund had a large difference between the 2009 ending balance and the 2010 ending balance due to a prior period adjustment of \$10.6 million. Deferred revenue was used in the past for loan activity. This amount was reversed in 2010 and booked to undesignated fund balance. 2004 PFD/Civic Field LTGO fund also had a large difference in ending fund balance between 2010 and 2009 due to a prior period adjustment of \$8.7 million. In the past, deferred revenue was used to track loan activity. This was reversed in 2010 and undesignated fund balance was increased (See Note V-J). Street is relatively flat between the two years with minimal change.

The fund balance for non-major governmental funds increased by \$2.2 million, largely due to spending decreases of \$4.3 million in the greenway levy funds, and \$2.6 million in the capital maintenance fund.

The City has nine business-type funds. The five major business-type funds are water, wastewater, storm and surface water, solid waste and medic one. The water and wastewater funds performed well in 2010 with strong increases of \$2.3 million in water and \$2 million in wastewater due in part to a rate increase. In 2010, storm and surface water assets increased \$1.1 million, reflecting a similar increase experienced in 2009. The net assets of the solid waste fund decreased by \$6 million in 2010 due to another GASB 49 required booking of an estimated pollution remediation liability of \$6.5 million for future environmental

remediation expenses (see note V-C). The City has four non-major enterprise funds; cemetery, golf, parking services, and development services. The net assets of the cemetery increased 5.2% due to an increase in sales and service fees. The golf and parking funds experienced modest increases in their net assets to \$863 thousand and \$6.4 million from \$782 thousand and \$6.3 million. Development services also experienced a modest increase in net assets of 9.9% due in large part to a decrease of \$202 thousand in operating expenses from 2009.

The City has eight internal service funds: fleet, purchasing, facilities administration, telecommunications, claims & litigation, unemployment compensation, workers compensation, and health benefits. Facilities administration had a slight decrease of \$47 thousand in net assets. Telecommunications had a modest decrease of \$337 thousand due to a decrease of \$127 thousand in charges for services. Claims & litigation experienced another decrease in net assets of \$1.8 million resulting mainly from an increase of \$906 thousand in payments to claimants and beneficiaries. Health Benefits decreased \$190 thousand due mainly to an increase of \$467 thousand in risk transfer payments. The Worker's Compensation Self-Insurance fund increased net assets by \$209 thousand due in a large part to an increase in insurance premium contributions of \$77 thousand. All of the other internal service funds are relatively stable.

General fund budgetary highlights

For 2010, the adopted general fund budget for expenditures was \$61.2 million, the final budget is \$64.3 million and the actual expenditures are \$59.9 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 December, 2010.
- Increases and decreases in appropriations to recognize actual program costs.
- New appropriations to acknowledge unanticipated revenues and corresponding expenditures.

Actual revenues are \$2.8 million below budget, or 95.6%, of the final projected budget. Property and retail sales tax revenues came in slightly over budget, at \$152 thousand and \$182 thousand respectively. The most notable areas where 2010 actual revenues are less than budget include business tax and intergovernmental revenue. Business tax which consist of B & O and utility taxes are \$1.4 million lower than expected due to less taxable business activity and lower utility consumption both of which can be attributed to the nation-wide economic down-turn. Intergovernmental revenue runs consistently lower than budget as the budget includes estimated revenues for future years in multi-year grant programs and projects. For 2010, the intergovernmental revenue fell short of budget by \$1.6 million. Less notable but still significant revenue shortfalls include charges for services and investment income. Charges for services are lower than budget by \$326 thousand as funding from federal and state sources for special programs such as police officers in the schools continue to be cut in response to lower federal and state revenues. Investment income is lower than budget by \$159 thousand due to the economic down-turn causing historically low interest rates which continue to negatively impact the city's earning on its investments.

Actual expenditures are \$4.4 million below budget, or 93.1% of the final budgeted amounts. This is in part due to ongoing efforts by management and staff to cut and control costs wherever possible.

The general fund actual balance of \$13.4 million is just slightly lower than the projected balance of \$13.58 million, a \$177 thousand difference.

Capital asset and debt administration

Capital assets

At December 31, 2010, the City has invested \$544.8 million in a wide range of capital assets throughout governmental and business-type activities, an increase of \$23.2 million from the previous year.

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

The 2010 adopted capital budget includes \$29.5 million for capital projects, primarily in parks, street, wastewater and water funds. The 2010 budget is amended to include \$49.7 million of incomplete capital projects re-appropriated from 2010.

Capital assets (net of depreciation, in thousands)

	Governmental activities		Business-type activities		Total		Percentage
	2010	2009	2010	2009	2010	2009	Change 2010-2009
Land	\$ 121,683	\$ 119,642	\$ 35,246	\$ 34,423	\$156,929	\$ 154,065	1.9%
Buildings	32,553	33,790	49,435	51,056	81,988	84,846	-3.4%
Improvements and infrastructure	126,894	114,509	119,126	113,624	246,020	228,133	7.8%
Machinery and equipment	13,174	13,724	3,715	3,940	16,889	17,664	-4.4%
Construction in progress	31,941	26,223	11,039	10,641	42,980	36,864	16.6%
Total	<u>\$ 326,245</u>	<u>\$ 307,888</u>	<u>\$ 218,561</u>	<u>\$ 213,684</u>	<u>\$544,806</u>	<u>\$ 521,572</u>	4.5%

Long-term debt

At year end, the City has \$77.7 million in long-term liabilities, an increase of \$11.2 million from 2009.

More detailed information about long-term liabilities is presented in note IV-H.

The City's revenue bond rating from Moody's is 'Aa2' for all bonds. The City's general obligation bond issue is 'Aa2' for non-voted bonds and 'Aa2' for voted bonds.

Outstanding debt (in thousands)

	Governmental activities		Business-type activities		Total		Percentage
	2010	2009	2010	2009	2010	2009	Change 2010-2009
General obligation bonds	\$ 17,775	\$ 19,717	\$ 7,336	\$ 7,860	\$ 25,111	\$ 27,577	-8.9%
Revenue bonds	-	-	20,135	23,651	20,135	23,651	-14.9%
Special assessment bonds	213	286	-	-	213	286	-25.5%
Notes and settlements	146	153	-	-	146	153	-4.6%
Government loans	1,895	2,053	1,823	1,985	3,718	4,038	-7.9%
Claims and litigation	2,701	1,110	-	-	2,701	1,110	143.3%
Compensated absences	4,591	4,569	559	490	5,150	5,059	1.8%
Net Pension Obligation	431	617	-	-	431	617	-30.1%
Pollution remediation	9,075	106	11,042	4,497	20,117	4,603	100.0%
Total	<u>\$ 36,827</u>	<u>\$ 28,611</u>	<u>\$ 40,895</u>	<u>\$ 38,483</u>	<u>\$ 77,722</u>	<u>\$ 67,094</u>	15.8%

- 1.5% non-voted
- 2.5% voted and non-voted
- 7.5% voted if excess over 2.5% is for utilities, parks or open space development

Calculation of legally available debt at December 31, 2010 (in thousands)

Total assessed property value		\$	8,416,799
Allowable general purpose indebtedness (legal limit 2.5%)			210,420
Unvoted indebtedness incurred (less assets available)	24,816		
Voted indebtedness incurred (less assets available)	<u>235</u>		
Total debt incurred			<u>25,051</u>
Legally available debt capacity for general purpose		\$	<u><u>185,369</u></u>

Economic factors and the 2010 budget

The unemployment rate on December 31, 2010 in Whatcom County compares favorably with its benchmarks, especially considering the impact of 35,354 resident college students.

- Bellingham, WA Metropolitan Statistical Area 2010 rate is 8.8%
- Bellingham, WA Metropolitan Statistical Area 2009 rate was 8.5%
- Washington Statewide 2010 rate is 9.6%
- National rate 2010 is 9.4%

The Seattle Metropolitan Statistical Area (MSA) is the closest proximity to Bellingham for inflation rate indication. In 2010, the Seattle MSA inflation rate is .3%, below the national rate of 1.6%.

Over the last ten years net bonded debt per capita has increased from \$166 to \$308.

In a comparison of 2009 data conducted by the Washington State Auditor's Office with ten other peer Washington State cities in the population range of 45,500 to 122,900, Bellingham's per capita revenues for general and special revenue funds of \$1,086, is above the overall average of \$1,002.

The City's assessed value per capita has decreased from \$113 thousand in 2009 to \$104 thousand in 2010. The ratio of the number of City employees is 11 per one thousand of the City's population.

The general fund adopted budget for 2011 has \$74.3 million of resources available for appropriation. General fund adopted budget expenditures for 2011 are \$63.4 million. The City continues to evolve and respond positively 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. Questions concerning any of the information contained herein or requests for additional information should be addressed to the Finance Director, City of Bellingham, 210 Lottie Street, Bellingham, WA 98225.



CITY OF BELLINGHAM

Government-Wide

Statement of Net Assets

December 31, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Public Facilities District	Public Development Authority
ASSETS					
Cash and cash equivalents	\$ 17,291,004	\$ 6,909,090	\$ 24,200,094	\$ 148,246	\$ 18,807
Investments	56,039,923	23,422,356	79,462,279	502,565	63,757
Receivables, net	2,824,425	2,151,991	4,976,416	5,234	249
Due from other governments	1,713,581	77,123	1,790,704	10,363	-
Due from component units	10,245,000	-	10,245,000	-	-
Inventories	604,286	-	604,286	-	-
Prepaid items	1,007,831	-	1,007,831	-	-
Deferred charges	899,463	213,529	1,112,992	211,186	-
Notes and contracts receivable	11,445,677	-	11,445,677	-	-
Net pension asset	7,241,061	-	7,241,061	-	-
Restricted assets:					
Restricted cash and cash equivalents	-	2,845,213	2,845,213	167,883	-
Restricted investments	-	9,645,502	9,645,502	569,135	-
Capital assets, not being depreciated:					
Land	121,683,333	35,246,220	156,929,553	1,329,860	1,300
Construction in progress	31,940,960	11,038,991	42,979,951	15,014,716	-
Capital assets, net of depreciation:					
Buildings	32,553,019	49,435,490	81,988,509	1,275,395	-
Improvements	126,894,107	119,125,928	246,020,035	8,403,080	-
Machinery and equipment	13,174,255	3,715,389	16,889,644	-	-
Total assets	435,557,925	263,826,822	699,384,747	27,637,663	84,113
LIABILITIES					
Accounts payable	2,375,681	1,397,334	3,773,015	5,557	5,636
Accrued wages and benefits	2,738,504	405,147	3,143,651	-	2,055
Due to primary government	-	-	-	10,245,000	-
Internal balances	22,172	(22,172)	-	-	-
Due to other governments	5,614	48,789	54,403	-	-
Other current liabilities	3,322,991	939,038	4,262,029	66,509	-
Noncurrent liabilities (see note IV-H):					
Due within one year	8,535,894	6,022,144	14,558,038	-	5,555
Due in more than one year	28,076,917	34,872,276	62,949,193	9,960,165	-
Special assessment bonds with government commitment, net	212,735	-	212,735	-	-
Total liabilities	45,290,508	43,662,556	88,953,064	20,277,231	13,246
NET ASSETS					
Invested in capital assets, net of related debt	314,661,962	200,721,924	515,383,886	5,817,887	1,300
Restricted for:					
Expendable					
Public safety	2,997,730	-	2,997,730	-	-
Physical environment	715,609	263,224	978,833	-	-
Economic environment	11,445,676	-	11,445,676	-	-
Culture and recreation	665,429	-	665,429	-	-
Capital projects	15,706,965	7,715,443	23,422,408	-	-
Debt service	9,290,668	4,358,758	13,649,426	86,427	-
Permanent	688,451	-	688,451	-	-
Nonexpendable					
Permanent	7,458,448	-	7,458,448	-	-
Unrestricted	26,636,479	7,104,917	33,741,396	1,456,118	69,567
Total net assets	\$ 390,267,417	\$ 220,164,266	\$ 610,431,683	\$ 7,360,432	\$ 70,867

The notes to the financial statements are an integral part of this statement.

CITY OF BELLINGHAM
Government-Wide
Statement of Activities
For the Year Ended December 31, 2010

Functions/Program	Program Revenues					Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units		
						Governmental Activities	Business-type Activities	Total	Public Facilities District	Public Development Authority
Primary Government:										
Governmental activities:										
General government	\$ 15,074,279	\$ (873,779)	\$ 7,971,785	\$ 1,193,852	\$ -	\$ (5,034,863)	\$ -	\$ (5,034,863)		
Public safety	37,219,216	128,638	3,649,014	2,308,805	-	(31,390,035)	-	(31,390,035)		
Physical environment	5,053,666	441,423	3,306,542	179,910	-	(2,008,637)	-	(2,008,637)		
Transportation	10,669,612	303,718	2,969,540	282,588	18,518,256	10,797,054	-	10,797,054		
Economic environment	24,403,155	-	-	2,769,602	-	(21,633,553)	-	(21,633,553)		
Mental and physical health	77,989	-	-	-	-	(77,989)	-	(77,989)		
Culture and recreation	24,151,314	-	3,492,695	101,162	1,312,756	(19,244,701)	-	(19,244,701)		
Interest	957,318	-	-	-	-	(957,318)	-	(957,318)		
Total governmental activities	117,606,549	-	21,389,576	6,835,919	19,831,012	(69,550,042)	-	(69,550,042)		
Business-type activities:										
Water	14,684,026	-	16,632,474	-	16,650	-	1,965,098	1,965,098		
Wastewater	14,896,450	-	16,529,749	3,127	130,833	-	1,767,259	1,767,259		
Surface and stormwater	5,109,870	-	4,832,097	17,080	1,289,800	-	1,029,107	1,029,107		
Solid waste	7,697,454	-	196,329	32,346	-	-	(7,468,779)	(7,468,779)		
Cemetery	518,100	-	326,436	300	-	-	(191,364)	(191,364)		
Golf course	110,473	-	189,477	-	-	-	79,004	79,004		
Parking	1,624,501	-	2,377,394	-	-	-	752,893	752,893		
Medic one	7,673,790	-	6,397,643	9,182	-	-	(1,266,965)	(1,266,965)		
Development services	1,725,177	-	1,815,099	-	-	-	89,922	89,922		
Total business-type activities	54,039,841	-	49,296,698	62,035	1,437,283	-	(3,243,825)	(3,243,825)		
Total primary government	\$ 171,646,390	\$ -	\$ 70,686,274	\$ 6,897,954	\$ 21,268,295	(69,550,042)	(3,243,825)	(72,793,867)		
Component units:										
Public Facilities District	\$ 1,477,139	\$ -	\$ 10,380	\$ -	\$ 220,826			\$ (1,245,933)		
Public Development Agency	436,767	-	-	500,000	1,300				\$ 64,533	
Total component units	\$ 1,913,906	\$ -	\$ 10,380	\$ 500,000	\$ 222,126					
General revenues:										
Property taxes						16,998,700	-	16,998,700	-	
Retail sales and use taxes						19,297,747	-	19,297,747	1,015,314	
Interfund taxes						4,136,250	-	4,136,250	-	
Business taxes						19,365,332	1,352,583	20,717,915	-	
Other taxes						2,559,299	-	2,559,299	-	
Interest and investment earnings						1,551,747	597,811	2,149,558	31,007	
Miscellaneous sources/(uses)						12,010	-	12,010	-	
Gain on sale of capital assets						-	(100)	(100)	-	
Transfers						(687,592)	687,592	-	-	
Total general revenues and transfers						63,233,493	2,637,886	65,871,379	894	
Change in net assets						(6,316,549)	(605,939)	(6,922,488)	(199,612)	
Net assets - beginning						377,291,874	220,770,205	598,062,079	7,560,044	
Prior period adjustments						19,292,092	-	19,292,092	-	
Net assets - ending						\$ 390,267,417	\$ 220,164,266	\$ 610,431,683	\$ 7,360,432	
									\$ 70,867	

The notes to the financial statements are an integral part of this statement.

CITY OF BELLINGHAM
Balance Sheet
Governmental Funds
December 31, 2010

				2004 PFD/Civic Fld LTGO Bond	Other Governmental Funds	Total Governmental Funds
	<u>General</u>	<u>Street</u>	<u>HUD Grant Fund</u>			
ASSETS						
Cash and cash equivalents	\$ 4,543,742	\$ 2,415,665	\$ -	\$ -	\$ 6,611,415	\$ 13,570,822
Investments	12,825,686	8,189,296	-	-	22,413,223	43,428,205
Receivables, net	2,063,831	1,580	-	-	485,433	2,550,844
Due from other funds	103,455	-	-	-	89	103,544
Due from other governments	727,680	707,859	130,948	-	147,094	1,713,581
Due from component units	-	-	-	8,445,000	1,800,000	10,245,000
Prepaid items	855,551	2,001	-	-	-	857,552
Special assessments - deferred	-	-	-	-	899,463	899,463
Notes and contracts receivable	-	-	11,445,676	-	-	11,445,676
Total assets	<u>21,119,945</u>	<u>11,316,401</u>	<u>11,576,624</u>	<u>8,445,000</u>	<u>32,356,717</u>	<u>84,814,687</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	831,870	457,090	43,804	-	578,964	1,911,728
Accrued wages and benefits	2,152,071	297,815	-	-	156,687	2,606,573
Due to other funds	-	34,991	87,144	-	89	122,224
Interfund loans payable	1,896,826	-	-	-	-	1,896,826
Due to other governments	5,614	-	-	-	-	5,614
Other liabilities	881,074	329,795	-	-	123,921	1,334,790
Deferred revenue	1,947,182	-	-	-	1,026,810	2,973,992
Total liabilities	<u>7,714,637</u>	<u>1,119,691</u>	<u>130,948</u>	<u>-</u>	<u>1,886,471</u>	<u>10,851,747</u>
FUND BALANCES						
Reserved for:						
Prepaid items	855,551	2,001	-	-	-	857,552
Special revenue funds	-	-	11,445,676	-	-	11,445,676
Permanent funds	-	-	-	-	7,458,448	7,458,448
Debt service funds	-	-	-	8,445,000	915,229	9,360,229
Unreserved reported in:						
General fund	12,549,757	-	-	-	-	12,549,757
Special revenue funds	-	10,194,709	-	-	21,408,118	31,602,827
Permanent funds	-	-	-	-	688,451	688,451
Total fund balances	<u>13,405,308</u>	<u>10,196,710</u>	<u>11,445,676</u>	<u>8,445,000</u>	<u>30,470,246</u>	<u>73,962,940</u>
Total liabilities and fund balances	<u>\$ 21,119,945</u>	<u>\$ 11,316,401</u>	<u>\$ 11,576,624</u>	<u>\$ 8,445,000</u>	<u>\$ 32,356,717</u>	<u>\$ 84,814,687</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLINGHAM
Reconciliation of the Balance Sheet
of Governmental Funds
to the Statement of Net Assets
December 31, 2010

Total fund balances of governmental funds	\$ 73,962,940
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Amounts reported for governmental activities in the government-wide statement of net assets due to the following:

Capital assets used in governmental activities are not financial resources and therefore not reported as assets in the funds	313,036,563
Long-term assets not available to pay for current period expenditures and therefore deferred in the funds	2,973,992
Pre-paid bond issuance cost not shown in modified accrual governmental funds	109,181
Net pension asset not shown in modified accrual governmental funds	6,810,361
Internal service funds are used to charge the cost of services to other funds. Assets and liabilities of internal service funds are included in governmental activities in the statement of net assets	26,706,055
Interest income from investments not shown in modified accrual governmental funds	169,649
Accounts receivable income not shown in modified accrual governmental funds	50,739
Accrued interest payable on governmental activities long-term debt	(69,561)
Long-term liabilities that are not due and payable in the current period are not reported in the funds	<u>(33,482,502)</u>

Net assets of governmental activities	<u>\$ 390,267,417</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF BELLINGHAM
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General	Street	HUD Grant Fund	2004 PFD/Civic Fid LTGO Bond	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 48,077,720	\$ 7,004,773	\$ -	\$ -	\$ 7,224,203	\$ 62,306,696
Licenses and permits	1,027,590	42,690	-	-	-	1,070,280
Intergovernmental revenue	3,479,109	7,810,569	1,455,698	186	4,492,971	17,238,533
Charges for services	6,378,181	7,716,565	-	-	2,174,727	16,269,473
Fines and forfeits	1,219,571	-	-	-	-	1,219,571
Investment income	303,839	167,943	72,704	394,776	557,472	1,496,734
Miscellaneous revenues	622,418	256,119	1,585	-	1,264,192	2,144,314
Total revenues	61,108,428	22,998,659	1,529,987	394,962	15,713,565	101,745,601
EXPENDITURES						
Current:						
General government services	11,322,631	3,238,864	-	-	605,831	15,167,326
Public safety	32,264,111	-	-	-	4,114,112	36,378,223
Physical environment	310,385	4,742,715	-	-	337,296	5,390,396
Transportation	-	5,541,435	-	-	-	5,541,435
Economic environment	3,953,077	-	762,326	-	-	4,715,403
Mental and physical health	77,989	-	-	-	-	77,989
Cultural and recreation	11,779,693	-	-	-	1,888,622	13,668,315
Debt service:						
Redemption of general long-term debt	-	-	-	680,000	1,500,422	2,180,422
Interest and other debt service cost	72,679	-	-	598,740	300,972	972,391
Capital outlay	130,574	9,432,956	7,203	-	5,288,431	14,859,164
Total expenditures	59,911,139	22,955,970	769,529	1,278,740	14,035,686	98,951,064
Excess (deficiency) of revenues over (under) expenditures	1,197,289	42,689	760,458	(883,778)	1,677,879	2,794,537
OTHER FINANCING SOURCES (USES)						
Insurance recoveries	12,010	-	-	-	-	12,010
Transfers in	1,113,437	-	-	673,778	1,720,374	3,507,589
Transfers out	(2,767,365)	(209,028)	-	-	(1,230,024)	(4,206,417)
Total other financing sources and (uses)	(1,641,918)	(209,028)	-	673,778	490,350	(686,818)
Net change in fund balances	(444,629)	(166,339)	760,458	(210,000)	2,168,229	2,107,719
Fund balances - beginning	13,849,937	10,363,049	48,126	-	28,302,017	52,563,129
Prior period adjustments	-	-	10,637,092	8,655,000	-	19,292,092
Fund balances - ending	\$ 13,405,308	\$ 10,196,710	\$ 11,445,676	\$ 8,445,000	\$ 30,470,246	\$ 73,962,940

The notes to the financial statements are an integral part of this statement.

CITY OF BELLINGHAM
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, 2010

Net change in fund balances of total governmental funds \$ 2,107,719

Amounts reported for governmental activities in the government-wide statement of activities due to the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$14,859,164 exceeded depreciation of (\$7,125,268) in the current period	7,733,896
Donated assets	11,799,960
Current year retirements and abandonments	(410,875)
Current year amortization charges	13,513
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(28,051,193)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	2,180,303
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	90,502
Internal service funds are used by management to charge costs of certain activities, such as fleet, warehouse, facilities, telecommunications, etc. to individual funds. The net revenue (expense) of these funds is reported with governmental activities	<div style="border-top: 1px solid black; display: inline-block; width: 100%;">(1,780,374)</div>
Change in net assets of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">\$ (6,316,549)</div>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLINGHAM
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
General Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Taxes:				
Property	\$ 12,196,478	\$ 12,196,478	\$ 12,348,803	\$ 152,325
Retail sales and use	11,194,000	11,194,000	11,376,016	182,016
Interfund	4,067,150	4,067,150	4,136,250	69,100
Business	20,802,381	20,802,381	19,365,332	(1,437,049)
Other	647,000	701,672	851,319	149,647
Licenses and permits	894,595	944,595	1,027,590	82,995
Intergovernmental revenue	2,474,326	5,119,196	3,479,109	(1,640,087)
Charges for services	6,754,370	6,704,370	6,378,181	(326,189)
Fines and forfeits	1,157,550	1,157,550	1,219,571	62,021
Investment income	462,861	462,861	303,839	(159,022)
Miscellaneous revenue	505,466	535,708	622,418	86,710
Total revenues	<u>61,156,177</u>	<u>63,885,961</u>	<u>61,108,428</u>	<u>(2,777,533)</u>
EXPENDITURES				
Office of the mayor	998,018	1,328,230	997,564	330,666
City council	438,426	438,426	431,802	6,624
Hearing examiner	186,670	186,670	184,684	1,986
Museum	1,474,867	1,472,360	1,376,925	95,435
Library	3,498,274	3,454,623	3,277,887	176,736
Finance	1,812,578	2,046,574	1,966,213	80,361
Human resources	1,254,996	1,281,307	1,073,797	207,510
Information technology services	2,589,129	2,627,804	2,409,937	217,867
Legal	1,475,139	1,469,153	1,314,935	154,218
Judicial and support services	3,017,156	3,022,476	2,709,911	312,565
Parks and recreation	7,328,867	7,330,427	7,124,882	205,545
Planning and community development	3,425,805	4,832,108	3,771,020	1,061,088
Fire	13,514,398	13,766,442	13,009,995	756,447
Police	19,514,186	20,305,308	19,595,487	709,821
Non departmental	687,300	787,300	666,100	121,200
Total expenditures	<u>61,215,809</u>	<u>64,349,208</u>	<u>59,911,139</u>	<u>4,438,069</u>
Excess of revenues over (under) expenditures	<u>(59,632)</u>	<u>(463,247)</u>	<u>1,197,289</u>	<u>1,660,536</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	-	-	12,010	12,010
Transfers in	1,072,704	1,120,704	1,113,437	(7,267)
Transfers out	(2,832,918)	(2,832,918)	(2,767,365)	65,553
Total other financing sources (uses)	<u>(1,760,214)</u>	<u>(1,712,214)</u>	<u>(1,641,918)</u>	<u>70,296</u>
Net change in fund balances	<u>(1,819,846)</u>	<u>(2,175,461)</u>	<u>(444,629)</u>	<u>1,730,832</u>
Fund balance - beginning	<u>12,540,767</u>	<u>15,757,471</u>	<u>13,849,937</u>	<u>(1,907,534)</u>
Fund balance - ending	<u>\$ 10,720,921</u>	<u>\$ 13,582,010</u>	<u>\$ 13,405,308</u>	<u>\$ (176,702)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLINGHAM
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
Street Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Taxes	\$ 7,000,000	\$ 7,000,000	\$ 7,004,773	\$ 4,773
Licenses and permits	42,000	42,000	42,690	690
Intergovernmental revenue	2,479,694	17,889,126	7,810,569	(10,078,557)
Charges for services	7,496,397	7,833,077	7,716,565	(116,512)
Investment income	272,255	272,255	167,943	(104,312)
Miscellaneous revenues	50,290	50,290	256,119	205,829
Total revenues	<u>17,340,636</u>	<u>33,086,748</u>	<u>22,998,659</u>	<u>(10,088,089)</u>
EXPENDITURES				
Current:				
General government	3,450,453	3,483,164	3,238,864	244,300
Physical environment	4,677,575	5,526,980	4,742,715	784,265
Transportation	6,106,061	6,684,656	5,541,435	1,143,221
Capital outlay	<u>3,238,000</u>	<u>26,048,381</u>	<u>9,432,956</u>	<u>16,615,425</u>
Total expenditures	<u>17,472,089</u>	<u>41,743,181</u>	<u>22,955,970</u>	<u>18,787,211</u>
Excess (deficiency) of revenues				
Over (under) expenditures	<u>(131,453)</u>	<u>(8,656,433)</u>	<u>42,689</u>	<u>8,699,122</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(266,300)</u>	<u>(266,300)</u>	<u>(209,028)</u>	<u>57,272</u>
Total other financing sources (uses)	<u>(266,300)</u>	<u>(266,300)</u>	<u>(209,028)</u>	<u>57,272</u>
Net change in fund balances	<u>(397,753)</u>	<u>(8,922,733)</u>	<u>(166,339)</u>	<u>8,756,394</u>
Fund balance - beginning	<u>1,387,306</u>	<u>10,326,013</u>	<u>10,363,049</u>	<u>37,036</u>
Fund balance - ending	<u>\$ 989,553</u>	<u>\$ 1,403,280</u>	<u>\$ 10,196,710</u>	<u>\$ 8,793,430</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLINGHAM
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
HUD Grant Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
			GAAP Basis	Positive
				(Negative)
REVENUES				
Intergovernmental revenue	\$ 1,586,000	\$ 2,524,418	\$ 1,455,698	\$ (1,068,720)
Charges for services	205,329	205,329	-	(205,329)
Investment income	90,204	90,204	72,704	(17,500)
Miscellaneous revenues	2,500	2,500	1,585	(915)
Total revenues	<u>1,884,033</u>	<u>2,822,451</u>	<u>1,529,987</u>	<u>(1,292,464)</u>
EXPENDITURES				
Current:				
Economic environment	1,884,033	2,855,594	762,326	2,093,268
Capital outlay	-	14,982	7,203	7,779
Total expenditures	<u>1,884,033</u>	<u>2,870,576</u>	<u>769,529</u>	<u>2,101,047</u>
Excess (deficiency) of revenues				
Over (under) expenditures	<u>-</u>	<u>(48,125)</u>	<u>760,458</u>	<u>808,583</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>(48,125)</u>	<u>760,458</u>	<u>808,583</u>
Fund balance - beginning	122,823	48,126	48,126	-
Prior period adjustments	-	-	10,637,092	10,637,092
Fund balance - ending	<u>\$ 122,823</u>	<u>\$ 1</u>	<u>\$ 11,445,676</u>	<u>\$ 11,445,675</u>

The notes to the financial statements are an integral part of this statement.



CITY OF BELLINGHAM
Statement of Net Assets
Proprietary Funds
December 31, 2010

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	Business-type Activities - Enterprise Funds							Governmental
			Storm and			Other		Activities -
	Water	Wastewater	Surface Water	Solid Waste	Medic One	Business-type	Totals	Internal
ASSETS						Activities		Service Funds
Current assets:								
Cash and cash equivalents	\$ 1,098,823	\$ 2,425,368	\$ 832,531	\$ 1,733,720	\$ 189,232	\$ 629,416	\$ 6,909,090	\$ 3,720,182
Investments	3,725,099	8,222,188	2,822,346	5,877,447	641,511	2,133,765	23,422,356	12,611,718
Receivables, net	655,293	683,755	289,739	23,135	400,135	99,934	2,151,991	49,701
Due from other funds	-	-	22,172	-	-	915	23,087	-
Due from other governments	-	788	36,999	38,846	490	-	77,123	-
Inventories	-	-	-	-	-	-	-	604,286
Prepaid items	-	-	-	-	-	-	-	41,098
Total current assets	5,479,215	11,332,099	4,003,787	7,673,148	1,231,368	2,864,030	32,583,647	17,026,985
Noncurrent assets:								
Restricted cash and cash equivalents	1,823,155	907,081	-	13,230	-	101,747	2,845,213	-
Restricted investments	6,180,641	3,075,078	-	44,853	-	344,930	9,645,502	-
Deferred charges	139,440	13,343	-	60,746	-	-	213,529	-
Capital assets, not being depreciated:								
Land	26,551,013	3,925,297	1,712,669	-	52,457	3,004,784	35,246,220	40,102
Construction in progress	5,663,967	5,147,895	227,129	-	-	-	11,038,991	-
Capital assets, net of depreciation:								
Buildings	8,177,238	38,242,773	-	10,593	340,156	2,664,730	49,435,490	1,666,921
Improvements	53,234,416	41,352,844	23,335,673	408,168	37,126	757,701	119,125,928	66,326
Machinery and equipment	888,493	2,085,500	17,768	102,937	529,066	91,625	3,715,389	11,435,762
Total noncurrent assets	102,658,363	94,749,811	25,293,239	640,527	958,805	6,965,517	231,266,262	13,209,111
Total assets	108,137,578	106,081,910	29,297,026	8,313,675	2,190,173	9,829,547	263,849,909	30,236,096

* The notes to the financial statements are an integral part of this statement. See note V-C for details on the pollution remediation obligation.

CITY OF BELLINGHAM
Statement of Net Assets
Proprietary Funds
December 31, 2010

Page 2 of 2

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
LIABILITIES	Water	Wastewater	Storm and Surface Water	Solid Waste	Medic One	Other Business-type Activities	Totals
<i>Current liabilities:</i>							
Accounts payable	346,363	779,978	63,032	30,189	129,094	48,678	1,397,334
Accrued wages and benefits	121,846	143,773	53,233	2,853	-	83,442	405,147
Due to other funds	-	-	-	-	-	915	915
Due to other governments	-	-	-	-	48,789	-	48,789
Other current liabilities	610,802	75,324	6,437	30,536	24,145	191,794	939,038
<i>Current portion:</i>							
Bonds payable, net	1,610,000	2,123,907	-	330,000	-	125,000	4,188,907
Compensated absences	151,980	153,782	58,795	1,298	-	91,622	457,477
Due to other governments	138,073	23,447	-	-	-	-	161,520
Claims and judgements payable	-	-	-	-	-	-	-
Pollution remediation obligation	-	-	-	1,214,240	-	-	1,214,240
Total current liabilities	2,979,064	3,300,211	181,497	1,609,116	202,028	541,451	8,813,367
<i>Noncurrent liabilities:</i>							
Bonds payable, net	16,306,488	-	-	6,845,293	-	130,000	23,281,781
Compensated absences	42,112	29,720	12,250	-	-	16,944	101,026
Due to other governments	1,661,959	-	-	-	-	-	1,661,959
Claims and judgements payable	-	-	-	-	-	-	-
Pollution remediation obligation *	-	-	-	9,827,510	-	-	9,827,510
Total noncurrent liabilities	18,010,559	29,720	12,250	16,672,803	-	146,944	34,872,276
Total liabilities	20,989,623	3,329,931	193,747	18,281,919	202,028	688,395	43,685,643
NET ASSETS							
Invested in capital assets, net							
of related debt	79,052,940	88,630,402	25,293,239	521,698	959,805	6,263,840	200,721,924
Restricted for debt service	2,405,104	1,861,984	-	58,036	-	33,634	4,358,758
Restricted for cemetery	-	-	-	-	-	263,224	263,224
Restricted for capital	5,596,762	2,118,681	-	-	-	-	7,715,443
Unrestricted	93,149	10,140,912	3,810,040	(10,547,978)	1,028,340	2,580,454	7,104,917
Total net assets	\$ 87,147,955	\$ 102,751,979	\$ 29,103,279	\$ (9,968,244)	\$ 1,988,145	\$ 9,141,152	\$ 220,164,266

* The notes to the financial statements are an integral part of this statement. See note V-C for details on the pollution remediation obligation.

CITY OF BELLINGHAM
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2010

	Business-type Activities - Enterprise Funds						Governmental
	Water	Wastewater	Storm and Surface Water	Solid Waste	Medic One	Other Business- type Activities	Activities - Internal Service Funds
Operating revenues:							
Sales of merchandise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,007,990
Less: cost of goods sold	-	-	-	-	-	-	(1,027,073)
Customer sales and service fees	14,295,483	13,482,751	4,373,528	111,751	3,272,111	2,131,102	-
Other charges for service	1,437,477	2,151,707	15,929	-	-	-	2,049,134
Rents, parking and concessions	-	-	-	-	-	2,528,326	-
Insurance premium contribution	-	-	-	-	-	-	12,614,083
Other operating revenues	-	-	77,573	-	-	-	1,814,969
Total operating revenues	15,732,960	15,634,458	4,467,030	111,751	3,272,111	4,659,428	19,459,103
Operating expenses:							
General operations	5,873,925	6,967,400	3,664,039	7,199,760	6,778,411	2,409,934	5,280,929
General administration	2,785,422	2,327,818	-	71,862	706,957	1,378,532	1,296,833
Depreciation	2,093,694	2,639,538	727,980	21,374	168,260	167,774	1,560,804
Taxes	2,570,619	2,133,396	570,478	1,983	20,162	5,930	700
Risk transfer payment	-	-	-	-	-	-	10,972,113
Payments to claimants and beneficiaries	-	-	-	-	-	-	2,276,417
Total operating expenses	13,323,660	14,068,152	4,962,497	7,294,979	7,673,790	3,962,170	21,387,796
Operating income (loss)	2,409,300	1,566,306	(495,467)	(7,183,228)	(4,401,679)	697,258	(1,928,693)
Nonoperating revenues (expenses):							
External operating subsidies	-	3,127	123,097	97,346	3,072,840	22,500	-
Operating assessments and tax levies	-	-	-	1,352,583	-	-	-
Investment interest	213,433	237,825	62,319	122,087	18,882	49,058	244,040
Net incr (decr) in fair value of investments	(37,288)	(42,753)	(10,940)	(18,342)	(3,609)	(7,062)	(37,879)
Interest expense and related charges	(795,739)	(156,183)	-	(391,382)	-	(16,081)	-
Gain (loss) on sale of capital assets	-	-	-	-	(100)	-	(152,322)
Other nonoperating revenues (expenses)	335,366	223,173	231,893	8,485	61,871	26,304	83,243
Total nonoperating revenues (expenses)	(284,228)	265,189	406,369	1,170,777	3,149,884	74,719	137,082
Income (loss) before contributions and transfers	2,125,072	1,831,495	(89,098)	(6,012,451)	(1,251,795)	771,977	(1,791,611)
Capital contributions	16,650	130,833	1,183,784	-	-	-	-
Transfers in	144,996	-	-	-	1,036,371	221,480	11,237
Transfers out	-	-	(11,237)	-	-	(704,019)	-
Change in net assets	2,286,718	1,962,328	1,083,449	(6,012,451)	(215,424)	289,438	(1,780,374)
Total net assets - beginning	84,861,237	100,789,651	28,019,830	(3,955,793)	2,203,569	8,851,714	28,486,429
Total net assets - ending	\$ 87,147,955	\$ 102,751,979	\$ 29,103,279	\$ (9,968,244)	\$ 1,988,145	\$ 9,141,152	\$ 26,706,055

The notes to the financial statements are an integral part of this statement.



CITY OF BELLINGHAM
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2010

Page 1 of 2

	Business-type Activities - Enterprise Funds						Governmental
	Water	Wastewater	Storm and Surface Water	Solid Waste	Medic One	Other Business-type Activities	Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 15,712,930	\$ 15,636,585	\$ 4,477,981	\$ 111,751	\$ 3,291,280	\$ 4,713,732	\$ 43,944,259
Receipts from interfund services provided	-	735,871	338,193	-	-	(915)	1,073,149
Payments for merchandise	-	-	-	-	-	-	-
Payments for wages and benefits	(2,128,908)	(2,392,075)	(1,070,906)	(109,001)	(4,463,603)	(2,007,304)	(12,171,797)
Payments for operating expenses	(9,419,458)	(9,273,446)	(3,115,189)	(594,361)	(2,995,283)	(1,812,321)	(27,210,058)
Other receipts (payments)	350,864	(506,066)	(126,262)	7,881	61,871	49,716	(161,996)
Net cash provided (used) by operating activities	4,515,428	4,200,869	503,817	(583,730)	(4,105,735)	942,908	5,473,557
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers in	144,996	-	-	-	1,036,371	221,480	1,402,847
Transfers out	-	-	(11,237)	-	-	(704,019)	(715,256)
Payments for interest	-	-	-	-	-	(3,178)	(3,178)
Principal paid on interfund loans	-	-	-	-	-	(80,424)	(80,424)
Receipts from other governmental units	-	2,761	114,092	58,500	2,735,385	-	2,910,738
Receipts for taxes	-	-	-	1,352,583	-	-	1,352,583
Net cash provided (used) by noncapital financing activities	144,996	2,761	102,855	1,411,083	3,771,756	(566,141)	4,867,310
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Principal payment on bonds	(1,545,000)	(2,060,000)	-	(315,000)	-	(120,000)	(4,040,000)
Payments for interest	(807,571)	(183,387)	-	(383,325)	-	(14,025)	(1,388,308)
Purchases of capital assets	(3,969,760)	(4,052,822)	-	-	(151,090)	-	(8,173,672)
Proceeds from the sale of capital assets	-	-	(1,216,905)	-	900	-	(1,216,005)
Principal paid on loans	(138,073)	(23,447)	-	-	-	-	(161,520)
Net cash provided (used) by capital financing activities	(6,460,404)	(6,319,656)	(1,216,905)	(698,325)	(150,190)	(134,025)	(14,979,505)
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sales and maturity of investments	11,975,834	13,714,713	3,490,983	6,173,603	1,073,647	2,430,373	38,859,153
Purchase of investments	(9,996,786)	(11,401,103)	(2,848,287)	(5,976,734)	(647,408)	(2,501,479)	(33,371,797)
Interest and dividends received	261,253	292,774	76,518	143,490	24,151	56,900	855,086
Net cash provided (used) in investment activities	2,240,301	2,606,384	719,214	340,359	450,390	(14,206)	6,342,442
Net increase (decrease) in cash and equivalents	440,321	490,358	108,981	469,387	(33,779)	228,536	1,703,804
Cash and cash equivalents - beginning of year	2,481,657	2,842,091	723,550	1,277,563	223,011	502,627	8,050,499
Cash and cash equivalents - end of year	2,921,978	3,332,449	832,531	1,746,950	189,232	731,163	9,754,303
Cash at end of year consists of							
Cash and cash equivalents	1,098,823	2,425,368	832,531	1,733,720	189,232	629,416	6,909,090
Restricted cash	1,823,155	907,081	-	13,230	-	101,747	2,845,213
Total cash at end of year	\$ 2,921,978	\$ 3,332,449	\$ 832,531	\$ 1,746,950	\$ 189,232	\$ 731,163	\$ 9,754,303

The notes to the financial statements are an integral part of this statement.

CITY OF BELLINGHAM
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2010

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	Business-type Activities Enterprise Funds							Governmental Activities Internal Service Funds
	Water	Wastewater	Storm and Surface Water	Solid Waste	Medic One	Other Business-type Activities	Total	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ 2,409,300	\$ 1,566,306	\$ (495,467)	\$ (7,183,228)	\$ (4,401,679)	\$ 697,258	\$ (7,407,510)	(1,928,693)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:								
Depreciation	2,093,694	2,639,538	727,980	21,373	168,260	167,775	5,818,620	1,560,803
Other non-operating receipts (expenses)	350,864	229,805	211,931	7,881	61,871	48,801	911,153	80,474
Change in assets and liabilities:								
(Increase) decrease in accounts receivable other	(13,722)	2,090	10,952	-	19,165	64,058	82,543	-
(Increase) decrease in due from other governmental units	-	-	-	-	-	-	-	(90,215)
(Increase) decrease in inventory of supplies	-	-	-	-	-	-	-	119,020
Increase (decrease) in accounts payable	(173,544)	(268,415)	43,864	29,453	22,503	(44,024)	(390,163)	244,811
Increase (decrease) in wages and benefits payable	24,425	34,641	4,884	(4,365)	-	19,548	79,133	20,309
Increase (decrease) in revenues collected in advance	(6,309)	36	-	-	-	(9,754)	(16,027)	(1,823)
Increase (decrease) in due to other funds	-	(391)	-	-	-	-	(391)	-
Increase (decrease) in other current liabilities	(163,496)	-	-	948,573	24,145	(417)	808,805	(14,244)
Increase (decrease) in other fees and taxes	(5,784)	(2,741)	(327)	-	-	(337)	(9,189)	-
Increase (decrease) in other long-term liabilities	-	-	-	5,596,583	-	-	5,596,583	1,590,986
Net cash provided (used) by operating activities	\$ 4,515,428	\$ 4,200,869	\$ 503,817	\$ (583,730)	\$ (4,105,735)	\$ 942,908	\$ 5,473,557	\$ 1,581,428
Non-cash investing, capital, and financing activities:								
Net change in fair value of investments	(37,288)	(42,753)	(10,940)	(18,342)	(3,609)	(7,062)	(119,994)	(37,879)
Contributions from developers	16,650	130,833	1,183,784	-	-	-	1,331,267	-
Fleet donations	-	-	(11,237)	-	-	-	(11,237)	11,237

The notes to the financial statements are an integral part of this statement.

CITY OF BELLINGHAM
Statement of Net Assets
Fiduciary Funds
December 31, 2010

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 2,387,270	\$ 364,355
Investments:		
Government securities	8,093,034	-
Receivables, net	83,914	-
Interfund receivables	1,896,826	-
Total assets	<u>12,461,044</u>	<u>364,355</u>
LIABILITIES		
Accounts payable	15,680	1,860
Accrued wages and benefits	61,141	-
Other liabilities	52,299	362,495
Total liabilities	<u>129,120</u>	<u>364,355</u>
NET ASSETS		
Held in trust for pension and other post employment long-term care benefits	<u>\$ 12,331,924</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLINGHAM
Statement of Changes in Net Assets
Fiduciary Funds
For the Year Ended December 31, 2010

	Pension Trust Funds
ADDITIONS	
<i>Contributions:</i>	
Taxes	\$ 2,040,122
Unclaimed property - auction	9,681
Employer	<u>1,000,000</u>
Total contributions	<u>3,049,803</u>
<i>Investment income:</i>	
Interest	229,883
Net appreciation (depreciation) in fair value	<u>(24,137)</u>
Total investment income	<u>205,746</u>
Total additions	<u>3,255,549</u>
 DEDUCTIONS	
Benefits	2,886,840
Administration expense	<u>13,012</u>
Total deductions	<u>2,899,852</u>
 CHANGE IN NET ASSETS	
Pension Benefits	170,877
Long-term care benefits	184,820
Net assets pension benefits - beginning	8,404,299
Net assets long-term care benefits - beginning	<u>3,571,928</u>
Net assets pension benefits - ending	<u>\$ 8,575,176</u>
Net assets long-term care benefits - ending	<u>\$ 3,756,748</u>

The notes to the financial statements are an integral part of this statement.



Notes to the Basic Financial Statements
December 31, 2010
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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 an ambulance service, 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 14, 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, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether or not:

- The City appoints a voting majority of the organization's governing body and 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 discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the City.

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 City, through an interlocal agreement with the PFD, provides administrative services and financial management. Separately issued financial statements can be obtained from the City of Bellingham at 210 Lottie, Bellingham, WA 98225.

The Bellingham Public Development Authority (BPDA), established in 2008, is a separate Washington municipal corporation under RCW 35.21.730 through 35.21.755. The BPDA was created to undertake redevelopment projects throughout the City with a special focus on the City's downtown, Old Town, and waterfront areas. The BPDA is expected to work in partnership with other public entities, nonprofits, and the private sector on these projects. The City, through an interlocal agreement with the BPDA, provides administrative services and financial management. Separately issued financial statements can be obtained from the City of Bellingham at 210 Lottie, Bellingham, WA 98225.

I-B Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets 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 funds are not resources that are 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 statement. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund 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.

The *street fund* is responsible for maintenance of all City streets. This fund's revenues are derived from state sales tax, grants and interfund payments for administrative and engineering services.

The *HUD block grant fund* accounts for federal block grant revenue used to upgrade neighborhoods and expand affordable housing choices, assist community social service agencies, address human needs and create employment opportunities for individuals with low and moderate incomes, and home investment partnership program revenue used to expand the supply of affordable housing.

The *2004 PFD/Civic Field LTGO bond fund* accounts for the resources accumulated and payments made for principal, interest and related costs on long-term general obligation debt of the 2004 LTGO improvement and refunding bond. The bond financed a portion of 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.

The government reports the following major proprietary funds:

The *water and wastewater funds* account for the activities of the City's two largest utilities. Their revenues are received from the sales of materials, supplies and services. Expenses are for maintenance and extension of water and sewer service systems. These funds also reflect the accounting of revenue bonds outstanding, the funds available for redemption of bonds, cumulative reserve and construction funds.

The *surface and storm water 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 storm water facilities, updates of the storm water master plan and acquisition of additional wetland and open space.

The *solid waste fund* accounts for litter compliance expenses and the operations of the Clean Green site where City and County residents bring grass, shrub and tree trimmings. This fund 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.

The *Medic One fund* accounts for countywide ambulance service governed by an interlocal agreement between the City and Whatcom County. Revenues are generated by fees for service and are supplemented by a voter approved sales tax and by contributions from the City and County.

Additionally, the government reports the following fund types:

Special revenue funds account for revenues derived from specific taxes, grants or other sources. They are legally restricted to financing specific activities of the City.

Debt service funds account for the resources accumulated and payments made for principal and interest and related costs on long-term general obligation debt of governmental funds.

Capital projects funds account for financial resources that are designated for the acquisition or construction of general government capital improvements.

Permanent funds account for resources that are restricted to the extent that only earnings, not principal, may be used in support of an established purpose. Activities of the fund must benefit the government or its citizenry.

Enterprise funds account for activities that operate in a manner similar to private business enterprises where the intent is to provide goods or services to the general public and be reimbursed primarily through user charges.

Internal service funds account for fleet administration, purchasing and materials, facilities administration, telecommunications, claims and litigation and employee benefits. 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.

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 *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. Grant revenues are considered available if they can be collected 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 made. 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those

standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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 and net assets or equity

Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments.

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 State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. Investments are reported separately on the balance sheet. For purposes of the statement of cash flows, the City considers cash on hand and the state investment pools to be cash equivalents. 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
- HUD grant funds
- Special assessment (LID) funds
- Guaranty deposit
- Clearing funds

Receivables and payables

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.”

Property tax is recorded as a receivable when levied, offset by deferred revenue. During the year, property tax revenues are recognized when received. There is no allowance for uncollectible taxes. The City considers delinquent taxes fully collectible.

Accounts receivable consist of amounts owed from private individuals or organizations for goods and services, including amounts owed for which billings have not been prepared. Receivables have been recorded net of an allowance for uncollectible amounts. Allowances for uncollectible amounts are calculated as either a write-off of bad debt expense, or a write-down for reduction in service charge due to contract limit.

Interest receivable consists of amounts earned, but not received, on investments and notes and contracts at the end of the year. Notes and contracts receivable consists of amounts owed on open accounts from private individuals or organizations for goods and services rendered.

Special assessments are recorded when levied. Special assessments receivable consists of current and delinquent assessments and related interest and penalties. Deferred assessments consist of unbilled special assessments that are liens against the property benefited.

Inventories and prepaid items

Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as an 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 that do not add to the value of the asset or materially extend asset lives 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 individual cost for each asset category as follows:

Asset category	Asset threshold
Land	Capitalize All
Fleet-replacement equipment	\$ 5,000
Machinery and equipment	\$ 10,000
Network IT equipment	\$ 25,000
Land improvements, infrastructure, buildings and improvements, intangibles, improvements other than buildings, capital leases, leasehold improvements	\$ 50,000

All property, plant and equipment of governmental or business-type activities are depreciated using the straight line method with the following estimated useful lives:

Asset category	Useful life (years)
Buildings	50
Improvements other than buildings	
Infrastructure	20-40
Leasehold improvements	10
Other improvements	5-50
Software	7
Machinery and equipment	
Information technology equipment	4
Equipment	3-20

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.

Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation. Vacation pay is earned at rates established in individual bargaining units' agreements. Each employee may accumulate up to double their established annual accrual rate. All earned but unused vacation is payable upon termination of employment. Upon retiring, contractual limitations have been imposed on PERS employees to limit vacation payout to a maximum of 240 hours. Vacation liabilities are recorded at year-end in full accrual funds and in the government-wide statements.

There is no liability for unpaid accumulated sick leave. The City policy is not to pay accumulated sick leave when employees separate from service. Sick leave may accumulate to a maximum of 1040 hours. Effective January 1, 1997, an optional sick leave cash out program was established for employees with accumulated banks of at least 50% of the maximum. These employees have the option of cashing out 24 to 48 hours of sick leave accumulated and not used in the twelve months prior to December 15 of each year. 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.

Long-term obligations

In government-wide financial statements and proprietary fund types in the 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 assets in compliance with applicable bond covenants. The amount of these restricted assets is reported in the long-term debt note.

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose.

Contribution 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.

NOTE II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**II-A Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes a reconciliation between total *fund balances of governmental funds and net assets of governmental activities* as reported in the government-wide statement of net assets.

One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The detail of this (\$33,482,502) difference is as follows:

Bonds (net of unamortized premium/discount), notes payable, governmental loans	\$ (19,815,977)
Special assessment bonds with governmental commitment (net of unamortized discount)	(212,735)
Gasb 49 pollution remediation liability	(9,074,657)
Compensated absences	<u>(4,379,133)</u>
Net adjustment to reduce total <i>fund balance of governmental funds to arrive at net assets of governmental activities</i>	<u>\$ (33,482,502)</u>

II-B Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balance includes a reconciliation between *net change in fund balances of governmental funds and changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The detail of this \$(28,051,193) difference is as follows:

Accounts receivable	\$ 3,651
Deferred property taxes	50,631
Deferred assessments	(11,665)
Deferred revenue*	(19,292,092)
GASB49 pollution remediation obligation	(9,074,657)
Net pension obligation	423,988
Accrued investment interest	<u>(151,049)</u>
Net adjustment to increase <i>net change in fund balances of governmental funds to arrive at change in net assets of governmental activities</i>	<u>\$ (28,051,193)</u>

*See note V-J prior period adjustment and change in accounting method.

Another element of that reconciliation states that “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.” The detail of this \$90,502 difference is as follows:

Compensated absences	\$ 75,429
Accrued interest on debt	<u>15,073</u>
Net adjustment to reduce <i>net change in fund balances of governmental funds to arrive at change in net assets of governmental activities</i>	<u>\$ 90,502</u>

NOTE III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

III-A Budgetary information

Annual 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.

Annual appropriated budgets are adopted at the fund level. Legal budgetary control is established at the fund level, except for the general fund, which is at the department level. 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 activity and object class.

Appropriations for all funds lapse at year-end.

The City's budget procedures are mandated by RCW 35.33. On or before November 1, the Mayor submits a proposed budget to the City Council. 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 Budget Manager. 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 no later than December 31. Within 30 days of adoption, the final budget is available to the public.

The Mayor is authorized to transfer budgeted amounts between accounts. However, any revisions that alter the total expenditures of a fund or department within the general fund, or affect the number of authorized employee positions, salary ranges, hours or other conditions of employment 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 or department. It must do so by ordinance approved by a simple majority after first holding public meetings providing the public the opportunity to speak.

Encumbrances are committed amounts for goods and services ordered or contracted. Encumbrances do not constitute expenditures or liabilities. The City reappropriates current year encumbrances into the following year as an amendment to the budget. Encumbrances outstanding as of December 31, 2010 were reappropriated by Ordinance 2011-03-015.

Encumbrances outstanding as of December 31, 2010	
Fund type	Amount
General fund	\$ 896,967
Special revenue funds	5,730,727
Endowment funds	19,334
Enterprise funds	3,604,495
Fiduciary funds	1,500
Internal service funds	2,782
Total encumbrances	<u>\$ 10,255,805</u>

III-B Deficit fund equity

As of December 31, 2010 the solid waste fund had deficit net assets of \$9,968,244. This deficit is due to 1) Issuing bonds in 2005 to finance the City's share of the environmental clean up by the Port of Bellingham, WA, of the Cornwall Avenue and Central Waterfront landfill sites in the amount of \$3.7 million and the Holly Street landfill site in the amount of \$1.5 million. These remediation expenses did not increase assets. The deficit will be eliminated as the bonds payable liability is reduced. 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. 2) Per GASB 49 the City has recorded in the solid waste fund a pollution remediation liability totaling \$11,041,750 in 2010 (see note V-C).

III-C Excess of expenditures over appropriations

There has been no material violation of finance related legal or contractual provisions in any major City fund. Per GASB 49 Pollution Remediation liability compliance, the City recognized a non-cash expense in the amount of \$6,545,157 in 2010. This proprietary fund non-cash expense was not budgeted, thereby lending the appearance that the solid waste fund is over management budget.

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 Public Deposit Protection Commission (PDPC). The FDIC insures the City's deposits up to \$250,000; the PDPC covers amounts over \$250,000. Numbers in section IV-A are obtained from the year-end GASB 31 report provided by the City's securities custodian and primary banker, U.S. Bank.

Total deposits and investments at December 31, 2010				
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Classification	City	Component units		Total
		Public Facilities District	Public	
			Development Authority	
Investments at fair value	\$ 97,200,812	\$ 1,071,700	\$ 63,757	\$ 98,336,269
Petty cash	36,400	-	-	36,400
Washington State Investment Pool	25,015,058	273,364	16,263	25,304,685
Cash in bank	4,745,477	42,765	2,544	4,790,786
Total deposits and Investments	<u>\$ 126,997,747</u>	<u>\$ 1,387,829</u>	<u>\$ 82,564</u>	<u>\$ 128,468,140</u>

Investments

All municipal corporations in Washington State, including the City of Bellingham, are empowered by statute to invest in the following securities (the enabling legislation is contained in RCW 36.29.020, as amended and as limited by RCW 39.58.080, as amended, RCW's 35.39.030, 39.59.020, 39.59.030, 39.60.010, 43.84.080 and 43.250):

- Investment deposits including certificates of deposit, with qualified public depositories as defined in Chapter 39.58 RCW.
- Certificates, notes, or bonds of the United States, or other obligations of the United States or its agencies, or of any corporation wholly owned by the government of the United States (such as the Government National Mortgage Association).
- Obligations of government sponsored corporations which are eligible as collateral for advances to member banks, as determined by the Board of Governors of the Federal Reserve System. These include but are not limited to Federal Home Loan Bank notes and bonds, Federal National Mortgage Association notes, debentures and guaranteed certificates of participation.
- Bankers' acceptance purchased on the secondary market.
- Repurchase agreements, if the transaction is structured so that the City of Bellingham obtains control over the underlying securities.
- Bonds of the State of Washington and any local government in the State of Washington, which bonds have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency.
- General obligation bonds of a state other than the State of Washington and general obligation bonds of a local government of a state other than the State of Washington, which bonds have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency.
- State Investment Pool.
- Other investments authorized by law.

The City's investments are in compliance with all applicable state investment laws and City investment policies. The State Treasurer's Office administers the Washington State Local Government Investment Pool (LGIP) authorized under Chapter 43.250 RCW. The LGIP operates in a manner consistent with the SEC Rule 2a-7. It is a \$9 billion fund that invests money on behalf of over 600 cities, counties, colleges and special taxing districts. In its management of LGIP the State Treasurer adheres, at all times, to the principles appropriate for the prudent investment of public funds. In priority order, they are the safety of principal, the assurance of sufficient liquidity to meet cash flow demands and attainment of the highest possible yield within the constraints of the first two goals.

All investments are valued at fair value as of December 31, 2010. The fair value of the position in the LGIP is the same as the value of the pool shares. All of the City's investments are defined as being insured or registered in the name of the City, or held by the City or by its agent in the City's name.

The LGIP is reported on the balance sheet as cash and cash equivalents. Investments in the LGIP and other investments with a purchase life of less than one year are reported at cost. Management intends to hold securities, bonds and certificates of deposit until maturity.

Fair value at December 31, 2010

Investment Type	City	Component Units		Total	Moody's rating
		Public Facilities District	Public Development Authority		
Federal Farm Credit Bank	\$ 9,826,457	\$ 108,343	\$ 6,445	\$ 9,941,245	Aaa
Federal Home Loan Bank	34,957,742	385,431.06	22,930	35,366,103	Aaa
Federal Home Loan Mtg Corp.	19,790,931	218,207	12,981	20,022,120	Aaa
Federal National Mortgage Assn	22,309,408	245,975	14,633	22,570,017	Aaa
Municipal Bonds	5,374,007	59,252	3,525	5,436,784	Aa - Aaa
Certificate of Deposit	4,942,267	54,492	3,242	5,000,000	Unrated
Total Investments	97,200,812	1,071,700	63,757	98,336,269	
Rule 2a-7 like pools per GASB 31					
Washington State Investment Pool	25,015,058	273,364	16,263	25,304,685	Unrated
Total Investments and 2a-7 like pools	\$ 122,215,870	\$ 1,345,064	\$ 80,020	\$ 123,640,954	

Interest rate risk - To minimize risk of loss arising from interest rate fluctuations the City purchases a combination of short and longer term investments and staggers their maturities. City Investment Policy requires that unless matched to a specific cash flow (for Reserve and CIP funds); the City will not directly invest in securities maturing more than five years from the date of purchase. The City is in compliance with this policy. At year-end, December 31, 2010 the overall average maturity for all of the City's investments was 1.53 years. The average maturity of the basic investment categories of the City are as follows:

Average maturity of the basic investment categories

	Average maturity in years
Bank Certificates of Deposit	0.86849
U.S. Government Agencies	2.02090
Municipal Bonds	1.15047
Rule 2a-7 like pools per GASB 31	0.00274
Weighted average maturity of all investments	1.52329

Credit risk - Per the City's Investment Policy, "Safety of principal is the foremost objective of the City of Bellingham. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses in individual securities do not exceed the income generated from the remainder of the portfolio." The City's policy further states, "Investments shall be made with judgment and care—under circumstances then prevailing—which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." Per RCW 39.59.020, state law requires that the City only invest in bonds which at the time of purchase have one of the three highest credit ratings of a nationally recognized rating agency. Per RCW 39.59.030, state law requires that the City only invest in mutual funds with portfolios consisting of only United States government bonds or United States government bonds issued by federal agencies with average maturities of less than four years and possessing one of the four highest credit ratings of a nationally recognized rating agency. The City's investments and deposit accounts are in compliance with its own investment policy and all applicable state laws including RCW 36.29.020, as amended, and as limited by RCW 39.58.080, as amended, RCW's 35.39.030, 39.59.020, 39.59.030, 39.60.010, 43.84.808 and 43.250.

Concentration of credit risk - Per the City's Investment Policy the City is directed to "diversify its investments by security type and institution. With the exception of U.S. Treasury securities and the State Investment Pool, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution." The City is in compliance with this policy.

Custodial credit risk - Custodial credit risk is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. For this reason per the City's Investment Policy, "All security transactions, including collateral for repurchase agreements, entered into by the City of Bellingham shall be conducted on a delivery-verses-payment (DVP) basis. Securities will be held by a third party custodian designated by the Finance Director." The City's securities custodian is U.S. Bank Safe Keeping. The City is in compliance with its DVP and safe keeping policies.

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 as of December 31, 2010

Receivables:	General	Street	HUD Grant	2004 PFD / Civic Fld LTGO	Water	Wastewater	Storm & surface water	Solid waste	Medic one	Nonmajor and other funds	Total
Interest	\$ -	\$ -	\$ -	\$ -	\$ 38,696	\$ 44,131	\$ 11,025	\$ 23,135	\$ 2,506	\$ 90,566	\$ 210,059
Taxes	345,048	-	-	-	-	-	-	-	-	179,646	524,694
Accounts	14,938,371	1,580	-	-	616,597	639,624	278,714	-	693,846	342,410	17,511,142
Special assmts	-	-	-	-	-	-	-	-	-	106,360	106,360
Loan receivable	-	-	11,445,676	-	-	-	-	-	-	-	11,445,676
Due from other governments	727,680	707,859	130,948	-	-	788	36,999	38,846	490	147,094	1,790,704
Due from component units	-	-	-	8,445,000	-	-	-	-	-	1,800,000	10,245,000
Gross receivables	16,011,099	709,439	11,576,624	8,445,000	655,293	684,543	326,738	61,981	696,842	2,666,076	41,833,635
Less: allowance for uncollectibles	(13,219,588)	-	-	-	-	-	-	-	(296,217)	-	(13,515,805)
Net total receivables	<u>\$ 2,791,511</u>	<u>\$ 709,439</u>	<u>\$ 11,576,624</u>	<u>\$ 8,445,000</u>	<u>\$ 655,293</u>	<u>\$ 684,543</u>	<u>\$ 326,738</u>	<u>\$ 61,981</u>	<u>\$ 400,625</u>	<u>\$ 2,666,076</u>	<u>\$ 28,317,830</u>

As of December 31, 2010, \$43,493 of the special assessment receivable is delinquent.

Governmental funds report deferred 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. Special assessments not yet due and notes and contracts receivable represent long-term debt agreements of the City. Taxes receivable are comprised of property taxes combined with utility taxes.

Deferred revenue reported in the governmental funds as of December 31, 2010

Deferred revenue:	General	Special revenue	Debt service	Permanent	Total
Delinquent property taxes receivable	\$ 345,047	\$ 106,852	\$ 9,927	\$ 10,568	\$ 472,394
Fines/forfeitures receivable	1,602,135	-	-	-	1,602,135
Special assessments not yet due	-	-	899,463	-	899,463
Total deferred revenue for governmental funds	<u>\$1,947,182</u>	<u>\$ 106,852</u>	<u>\$ 909,390</u>	<u>\$ 10,568</u>	<u>\$ 2,973,992</u>

IV-C Property taxes

RCW 84.55 is the governing legislation for property tax in the State of Washington. In 1997, the RCW was modified by Referendum No. 47 which allows the “banking” of unused levy capacity. The difference between the levy increase and the allowed maximum accumulates in a “bank.” Any, or all, of this bank may be added to future levies. For the 2010 tax levy the City’s bank was \$234,634.

In November 2001, the state voters approved Initiative 747, again modifying the RCW, reducing the maximum levy increase from 6% to 1%, or the Implicit Price Deflator (IPD), whichever is less. The IPD for 2010 was 1.539%. Council authorized a 1% increase for 2010.

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

- Increases in non-voted property taxes are limited to the lesser of 1% per year, or the IPD. Adjustments for new construction are excluded from this calculation. 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.

The City's regular levy for 2010 was \$2.17921 per \$1,000, based on the 2010 assessed valuation of \$8,596,997,698, for a total regular levy of \$18,734,663. This amount includes the fire pension levy of \$.225 per \$1,000 for a total of \$1,934,324 and also the 2007 Greenways III levy lid lift, an additional \$.49651 per \$1,000, a total of \$4,268,495. The greenways III levy has a term of ten years.

Special levies approved by the voters are not subject to the limitations listed above. In 2010 the City levied an additional \$.04178 per \$1,000 to redeem and make interest payments on the 2001 UTGO fire station bonds for a total additional levy of \$355,311. The fire station bonds mature in 2011.

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 used to finance public infrastructure improvements that encourage economic development in the RDA. Incremental revenue increases within the RDA and revenue from other local public sources will be used to match state money, which will be distributed through a local sales/use tax that is credited against the state’s sales/use tax. The property tax for the RDA LIFT is levied at \$.00018 for a total amount of \$1,547 in 2010.

Taxes are levied annually in November for the next fiscal year beginning January 1, on property values listed with the County Assessor as of May 31. The Assessor establishes assessed values at 100% of fair market value. A revaluation of all property is required at least once every four years. On January 1 of each year, taxes become an

enforceable lien against properties. 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.

IV-D Capital assets

Capital asset activity for the year ended December 31, 2010 is summarized as follows:

Primary government				
	Beginning balance 1/1/2010	Additions	Reductions	Ending balance 12/31/2010
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 119,642,365	\$ 2,042,268	\$ 1,300	\$ 121,683,333
Construction in progress	<u>26,223,424</u>	<u>12,809,808</u>	<u>7,092,272</u>	<u>31,940,960</u>
Total assets not depreciated	145,865,789	14,852,076	7,093,572	153,624,293
Capital assets being depreciated:				
Buildings	47,173,759	-	424,846	46,748,913
Improvements other than buildings	187,841,110	18,381,818	-	206,222,928
Machinery and equipment	<u>22,062,596</u>	<u>1,480,924</u>	<u>884,870</u>	<u>22,658,650</u>
Total assets being depreciated	257,077,465	19,862,742	1,309,716	275,630,491
Less accumulated depreciation for:				
Buildings	13,383,305	881,272	68,683	14,195,894
Improvements other than buildings	73,331,617	5,997,204	-	79,328,821
Machinery and equipment	<u>8,338,872</u>	<u>1,807,593</u>	<u>662,070</u>	<u>9,484,395</u>
Total accumulated depreciation	95,053,794	8,686,069	730,753	103,009,110
Total capital assets being depreciated, net	<u>162,023,671</u>	<u>11,176,673</u>	<u>578,963</u>	<u>172,621,381</u>
Governmental activities capital assets, net	<u>\$ 307,889,460</u>	<u>\$ 26,028,749</u>	<u>\$ 7,672,535</u>	<u>\$ 326,245,674</u>

	Beginning balance 1/1/2010	Additions	Reductions	Ending balance 12/31/2010
Business-type activities:				
Capital assets not depreciated:				
Land	\$ 34,423,025	\$ 823,195	\$ -	\$ 35,246,220
Construction in progress	<u>10,641,292</u>	<u>4,493,294</u>	<u>4,095,595</u>	<u>11,038,991</u>
Total assets not depreciated	45,064,317	5,316,489	4,095,595	46,285,211
Capital assets depreciated:				
Buildings	94,486,566	-	-	94,486,566
Improvements other than buildings	187,233,971	9,291,532	92,048	196,433,455
Machinery and equipment	<u>6,818,154</u>	<u>185,030</u>	<u>79,039</u>	<u>6,924,145</u>
Total depreciated assets	288,538,691	9,476,562	171,087	297,844,166
Less accumulated depreciation for:				
Buildings	43,430,939	1,620,137	-	45,051,076
Improvements other than buildings	73,610,164	3,789,410	92,047	77,307,527
Machinery and equipment	<u>2,877,720</u>	<u>409,073</u>	<u>78,037</u>	<u>3,208,756</u>
Total accumulated depreciation	119,918,823	5,818,620	170,084	125,567,359
Total capital assets, net of accumulated depreciation	<u>168,619,868</u>	<u>3,657,942</u>	<u>1,003</u>	<u>172,276,807</u>
Total business-type activities capital assets, net accumulated depreciation	<u>\$ 213,684,185</u>	<u>\$ 8,974,431</u>	<u>\$ 4,096,598</u>	<u>\$ 218,562,018</u>

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

Governmental activities:

General governmental	\$ 339,111
Public safety	529,117
Public works	5,128,788
Economic environment	1,091,183
Cultural and recreational	37,066
Internal service fund capital assets are charged to the various functions based on their usage of the assets	1,560,804
Total depreciation expense - governmental activities	<u>\$ 8,686,069</u>

Business-type activities:

Cemetery	\$ 6,565
Water	2,093,694
Wastewater	2,639,538
Storm and surface water	727,980
Solid waste	21,374
Golf	33,881
Parking	99,808
Medic one	168,260
Development services	<u>27,520</u>
Total depreciation expense - business-type activities	<u>\$ 5,818,620</u>

Discretely presented component unit – Bellingham-Whatcom Public Facility District

Capital asset activity year ended December 31, 2010 is summarized as follows:

	Beginning balance 1/1/2010	Additions	Reductions	Ending balance 12/31/2010
Capital assets not depreciated:				
Land	\$ 1,329,860	\$ -	\$ -	\$ 1,329,860
Construction in progress	14,518,024	496,692	-	15,014,716
Total assets not depreciated	15,847,884	496,692	-	16,344,576
Capital assets being depreciated:				
Buildings	4,069,247	-	-	4,069,247
Improvements other than buildings	9,070,078	-	-	9,070,078
Total assets being depreciated	13,139,325	-	-	13,139,325
Less accumulated depreciation for:				
Buildings	2,632,288	161,564	-	2,793,852
Improvements other than buildings	390,143	276,855	-	666,998
Total accumulated depreciation	3,022,431	438,419	-	3,460,850
Total capital assets being depreciated, net	10,116,894	(438,419)	-	9,678,475
Component unit capital assets, net	<u>\$ 25,964,778</u>	<u>\$ 58,273</u>	<u>\$ -</u>	<u>\$ 26,023,051</u>

Discretely presented component unit – Bellingham-Whatcom Public Facility District

Capital asset activity year ended December 31, 2010 is summarized as follows:

	Beginning balance 1/1/2010	Additions	Reductions	Ending balance 12/31/2010
Capital assets not depreciated:				
Land	\$ -	\$ 1,300	\$ -	\$ 1,300
Total assets not depreciated	-	1,300	-	1,300
Component unit capital assets, net	<u>\$ -</u>	<u>\$ 1,300</u>	<u>\$ -</u>	<u>\$ 1,300</u>

IV-E Interfund receivables, payables and transfers

Loans between funds are classified as interfund loans receivable and payable on the statement of net assets. 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.

Interfund balances at December 31, 2010

	Interfund loans receivable	Interfund loans payable	Due from other funds	Due to other funds
General	\$ -	\$ 1,896,826	\$ 103,455	\$ -
Street	-	-	-	34,991
Storm & surface water	-	-	22,172	-
HUD Grant Fund	-	-	-	87,144
Special revenue	-	-	89	89
Nonmajor enterprise	-	-	915	915
Fiduciary	1,896,826	-	-	3,492
Total government-wide	<u>\$ 1,896,826</u>	<u>\$ 1,896,826</u>	<u>\$ 126,631</u>	<u>\$ 126,631</u>
Less eliminations to government-wide statements				(104,459)
				<u>\$ 22,172</u>

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 \$1,896,826 remaining on this loan at year-end, \$1,706,658 will not be repaid in 2011.

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.

Transfers at December 31, 2010

Transfers In	Transfers Out					Total
	General	Street	Nonmajor governmental	Surface and Storm	Nonmajor enterprise	
General	\$ -	\$ -	\$ 409,418	\$ -	\$ 704,019	\$ 1,113,437
Street	-	-	-	-	-	-
2004 PFD/Civic Fld LTGO	-	-	673,778	-	-	673,778
Water	144,996	-	-	-	-	144,996
Nonmajor governmental	1,364,518	209,028	146,828	-	-	1,720,374
Medic one	1,036,371	-	-	-	-	1,036,371
Nonmajor enterprise	221,480	-	-	-	-	221,480
Internal service	-	-	-	11,237	-	11,237
Total	<u>\$ 2,767,365</u>	<u>\$ 209,028</u>	<u>\$ 1,230,024</u>	<u>\$ 11,237</u>	<u>\$ 704,019</u>	<u>\$ 4,921,673</u>

IV-F Operating leases

The City leases three office space facilities, two storage areas, one radio tower, one off-site data servicing facility, three fiber optic agreements for bandwidth connectivity and 14 copier leases under non-cancelable 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 assets. Total operating lease expenditures for 2010 were \$286,768.

Future minimum lease payments year ending December 31		
2011	\$	265,486
2012		208,185
2013		28,386
2014		4,708
2015		1,004
Total	\$	<u>507,769</u>

2011	\$	265,486
2012		208,185
2013		28,386
2014		4,708
2015		1,004
Total	\$	<u>507,769</u>

IV-G Significant construction commitments

The City's outstanding significant construction commitments by fund type are summarized below:

Construction commitments as of December 31, 2010		
Governmental activities	\$	4,307,062
Enterprise activities		<u>1,669,102</u>
Total	\$	<u>5,976,164</u>

Governmental activities	\$	4,307,062
Enterprise activities		<u>1,669,102</u>
Total	\$	<u>5,976,164</u>

IV-H 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. These bonds generally are issued as 20-year serial bonds. General obligation bonds are created by a 60% majority vote of the people and, therefore, financed by a special tax levy; or created by ordinance, adopted by the City Council and normally financed from general fund revenues (councilmanic bonds).

The original amount of general obligation bonds issued in prior years was \$37,425,000. No new general obligation bonds were issued in 2010. The City currently has seven outstanding general obligation bond issues. *1996 LTGO Roeder refunding bonds* were issued May 1, 1996 in the amount of \$4,195,000. These bonds are tax exempt and the proceeds of this issue refunded the 1988 Roeder Avenue and 1992 Police bond issues. The 1988 Roeder Avenue bonds financed a portion of the construction of a connector on Roeder Avenue south to Chestnut Street. The 1992 Police bonds financed part of the cost of constructing new facilities and renovating existing facilities for the City's police department. The Roeder Avenue portion of this issue was financed from street fund revenues and matured in 2008. The Police portion of the issue is financed from general fund revenues and will mature in 2012.

2001 UTGO Fire bonds were issued April 1, 2001 in the amount of \$2,800,000. These bonds are tax exempt and the proceeds of this issue financed the acquisition of land and construction of the City's sixth fire station on Deemer Road. The issue also provided for new fire apparatus to equip the facility. The proceeds were deposited in accordance with the bond ordinance into the fire construction fund. These bonds are financed by a voted general obligation levy and will mature in 2011.

2002 LTGO Parking refunding bonds were issued August 8, 2002 in the amount of \$1,045,000. These bonds are tax exempt and the proceeds of this issue refunded the 1992 parking revenue bond which financed a portion of the costs of constructing, equipping and installing improvements and additions to the existing off-street parking facilities of the city. The proceeds were deposited in accordance with the bond into the parking fund. This issue is financed by the parking fund, a business-type activity and will mature in 2012.

2004 LTGO Sportsplex acquisition bonds were issued February 5, 2004 in the amount of \$4,315,000. These bonds are tax exempt and the proceeds of this issue were used to purchase the Sportsplex ice arena and indoor soccer complex and pay bond issuance costs. The proceeds were deposited in accordance with the bond ordinance into the Sportsplex construction fund. These bonds are financed from lease revenues received for the Sportsplex complex, a governmental activity and will mature in 2028.

2004 LTGO PFD/Civic/Aquatic refunding bonds were issued November 1, 2004 in the amount of \$16,375,000. These bonds are tax-exempt and the proceeds of this bond issue funded three purposes. \$9,370,000 was for the development of a regional center and is financed by the Bellingham-Whatcom Public Facilities District (PFD) with a state sales tax rebate. These issue proceeds were deposited in accordance with the bond ordinance into the public facilities fund. \$6,015,000 was used for improvements to the City-owned civic field complex and is financed with REET funds. These issue proceeds were deposited in accordance with the bond ordinance into the civic field construction fund. \$990,000 was used to refund outstanding callable bonds of the 1994 aquatic facility bond issue that financed the construction of the Arne Hanna Aquatic Center and is also financed with REET funds. These issue proceeds were deposited in accordance with the bond ordinance into the 1994 aquatic facility debt service fund. These bonds are financed by governmental activities and will mature in 2026.

2005 LTGO Solid Waste Series A bonds were issued December 8, 2005 in the amount of \$1,545,000. These bonds are tax-exempt and the proceeds were used for the purpose of providing a portion of the funds for financing the environmental cleanup of the Holly Street landfill site. The proceeds were deposited in accordance with the bond ordinance into the solid waste fund. These bonds are financed by the solid waste fund, a business-type activity, and will mature in 2025.

2005 LTGO Solid Waste Series B bonds were issued December 8, 2005 in the amount of \$7,150,000. These bonds are taxable and the proceeds were used for the purpose of financing the City's share of the environmental clean up by the Port of Bellingham, Washington, of the Cornwall Avenue and Central Waterfront landfill sites and to finance the acquisition of the Colony Wharf property adjacent to the Roeder Avenue landfill site. The proceeds were deposited in accordance with the bond ordinance into the solid waste fund. These bonds are financed by the solid waste fund, a business-type activity, and will mature in 2023.

General obligation bonds currently outstanding

Name of issuance	Purpose	Issue date	Maturity date	Interest rates	Debt outstanding
1996 LTGO Roeder refunding	Governmental activities	05/01/96	12/01/12	4.20 - 5.65%	\$ 635,000
2001 LTGO Fire bond	Governmental activities	04/01/01	12/01/11	4.00 - 4.40%	335,000
2002 LTGO Parking refunding	Business-type activities	08/08/02	10/01/12	3.74%	255,000
2004 LTGO Sportsplex acquisition	Governmental activities	02/05/04	12/01/28	2.00 - 4.625%	3,585,000
2004 LTGO PFD/Civic/Aquatic ref	Governmental activities	11/01/04	12/01/26	3.00 - 5.00%	13,055,000
2005 LTGO Solid Waste Series A	Business-type activities	12/08/05	12/01/25	4.15 - 5.40%	1,545,000
2005 LTGO Solid Waste Series B	Business-type activities	12/08/05	12/01/23	4.15 - 5.40%	5,710,000
Total general obligation bonds outstanding					<u>\$ 25,120,000</u>

General obligation bond annual debt service requirements to maturity

Year ending December 31	Governmental activities			Business-type activities		
	Principal	Interest	Total requirements	Principal	Interest	Total requirements
2011	\$ 1,510,000	\$ 777,860	\$ 2,287,860	\$ 455,000	\$ 375,970	\$ 830,970
2012	1,245,000	719,355	1,964,355	480,000	354,762	834,762
2013	990,000	672,086	1,662,086	365,000	331,980	696,980
2014	1,070,000	635,299	1,705,299	385,000	313,072	698,072
2015	1,035,000	596,919	1,631,919	405,000	292,860	697,860
2016-2020	5,145,000	2,206,375	7,351,375	2,365,000	1,119,429	3,484,429
2021-2025	4,820,000	1,163,763	5,983,763	3,055,000	430,132	3,485,132
2026-2028	1,795,000	128,112	1,923,112	-	-	-
Total	<u>\$ 17,610,000</u>	<u>\$ 6,899,769</u>	<u>\$ 24,509,769</u>	<u>\$ 7,510,000</u>	<u>\$ 3,218,205</u>	<u>\$ 10,728,205</u>

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.

Notes payable debt currently outstanding

Name of issuance	Purpose	Issue date	Maturity date	Interest rates	Debt outstanding
Drake property note payable	Governmental activities	12/31/92	12/31/22	7.00%	\$ 145,558
Total notes payable					<u>\$ 145,558</u>

Notes payable annual debt service requirements to maturity

Year ending December 31	Governmental activities		
	Principal	Interest	Total requirements
2011	\$ 8,029	\$ 9,935	\$ 17,964
2012	8,609	9,354	17,963
2013	9,231	8,732	17,963
2014	9,899	8,065	17,964
2015	10,614	7,349	17,963
2016-2020	65,752	24,065	89,817
2021-2022	33,424	2,490	35,914
Total	<u>\$ 145,558</u>	<u>\$ 69,990</u>	<u>\$ 215,548</u>

Government loans

The City has Public Work Trust Fund construction loan agreements with the State Department of Community Development. There are currently four Public Work Trust Fund loans and the original amount of loans entered into in prior years was \$6,038,500. Loans for governmental activity purposes are financed through the street

fund and loans for business-type activity purposes are financed through the water and wastewater funds. There were no new loan agreements entered into during 2010.

Silverbeach PWTF loan was issued in 1991 through 1992 in amounts totaling \$445,500. The loan was authorized for a 20 year period with interest at 2%. The proceeds were deposited into the wastewater fund for the purpose of replacing and upgrading the Silverbeach trunk sewer which is a major line. The loan is for a business-type activity and matures in 2011.

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 the street fund for the purpose of street surface repaving throughout the city. The loan is for a governmental activity and 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. The loan is for a business-type activity and matures in 2022.

Middle Fork Diversion PWTF loan was issued beginning in 2006 in the amount of \$680,000. The total loan will be \$3,400,000. The loan was authorized for a 20 year period with interest at .5%. The proceeds were deposited into the water fund to finance a project that will allow for the passage of fish through the Middle Fork diversion dam. The loan is for a business-type activity and matures in 2026.

Government loan debt currently outstanding

Name of issuance	Purpose	Issue date	Maturity date	Interest rate	Debt outstanding
Silverbeach PWTF loan	Business-type activities	06/06/91	07/01/11	2.00%	\$ 23,447
Street Resurfacing PWTF loan	Governmental activities	07/25/02	07/01/22	0.50%	1,895,219
Water Main Repl PWTF loan	Business-type activities	07/25/02	07/01/22	0.50%	1,227,400
Middle Fork Div. PWTF loan	Business-type activities	11/30/06	07/01/26	0.50%	572,632
Total governmental loans outstanding					<u>\$ 3,718,698</u>

Government loan annual debt service requirements to maturity

Year ending December 31	Governmental activities			Business-type activities		
	Principal	Interest	Total requirements	Principal	Interest	Total requirements
2011	157,935	9,476	167,411	161,520	9,469	170,989
2012	157,935	8,686	166,621	138,073	8,310	146,383
2013	157,935	7,897	165,832	138,073	7,619	145,692
2014	157,935	7,107	165,042	138,073	6,929	145,002
2015	157,935	6,317	164,252	138,073	6,239	144,312
2016-2020	789,675	19,742	809,417	690,363	20,838	711,201
2021-2025	315,869	2,370	318,239	383,514	5,113	388,627
2026	-	-	-	35,790	179	35,969
Total	<u>\$ 1,895,219</u>	<u>\$ 61,595</u>	<u>\$ 1,956,814</u>	<u>\$ 1,823,479</u>	<u>\$ 64,696</u>	<u>\$ 1,888,175</u>

Special assessment bonds

The City also issues special assessment debt to provide funds for the construction of water and sewer utilities in residential areas without existing infrastructure. Special assessment bonds are created by ordinance, adopted by council and financed by assessment on property owners. Debt service requirements for local improvement district (LID) assessment bonds are met by assessments levied against property owners. The City has no financial obligation for defaults by property owners on special assessment debt, except for insuring the funding of the guaranty fund. The assessments are liens against the property and subject to foreclosure.

Local Improvement District No. 1106 bonds were issued December 30, 1996 in the amount of \$4,357,957. These bonds are tax exempt and the proceeds of this issue were used to pay the LID portion of Bakerview Road LID (I-5 to Deemer Road) project. The project consists of road, sidewalk, traffic signal, storm, sewer, water, and sanitary sewer improvements. These bonds will mature in 2018.

Special assessment bonds currently outstanding

Name of issuance	Purpose	Issue date	Maturity date	Interest rates	Debt outstanding
LID 1106 Bakerview Road	Governmental activities	12/30/96	12/30/18	4.10%-6.00%	\$ 255,000
Total special assessment outstanding					<u>\$ 255,000</u>

Special assessment bonds are serial bonds, but are called “yearly based on assessments received.” As of December 31, 2010, the City has called bonds ahead of the estimated schedule of redemption.

Special assessment bond estimated annual debt service requirements to maturity

Year ending December 31	Governmental activities		
	Principal	Interest	Total requirements
2011	\$ -	\$ 15,300	\$ 15,300
2012	-	15,300	15,300
2013	-	15,300	15,300
2014	-	15,300	15,300
2015	105,000	15,300	120,300
2016	150,000	9,000	159,000
Total	<u>\$ 255,000</u>	<u>\$ 85,500</u>	<u>\$ 340,500</u>

Revenue bonds

The City also issued bonds where the government pledged income derived from the acquired or constructed assets to pay debt service. Revenue bonds are created by ordinance, adopted by the City Council and financed from enterprise fund revenues. The City currently has four revenue bonds and the original amount issued was \$36,280,000. The water/sewer revenue bonds are issued to finance capital projects and watershed property acquisitions. No new revenue bonds were issued in 2010.

1999 Water and Sewer Refunding bonds were issued May 1, 1999 in the amount of \$8,220,000. These bonds are tax exempt and the proceeds were used to advance refund outstanding callable bonds for the 1992 Water and Sewer bond issues. The 1992 bonds were used to finance the construction of a secondary sewage treatment plant by additions and modification to the existing City Wastewater Treatment Plant. The bonds are financed by business-type activities and will mature in 2011.

2004 Water and Sewer Revenue Improvement and Refunding bonds were issued May 1, 2004 in the amount of \$10,690,000. These bonds are tax exempt and the proceeds of this issue had two purposes. \$4,545,000 was 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. \$6,145,000 was used to refund the remaining callable portion of the 1994 Water and Sewer Refunding bonds. The 1994 bonds were used for three purposes, to finance the water chlorination facility; refund outstanding bonds issued in 1979 for the Georgia-Pacific transmission line; refund the outstanding callable bonds for the 1990 bonds issued for the secondary treatment plant. The bonds are financed by business-type activities and will mature in 2024.

2006 Water and Sewer Revenue bonds were issued June 15, 2006 in the amount of \$11,330,000. These bonds are tax exempt and the proceeds 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 bonds are financed by business-type activities and will mature in 2026.

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 bonds are financed by business-type activities and will mature in 2018.

Revenue bonds currently outstanding					
Name of issuance	Purpose	Issue date	Maturity date	Interest rates	Debt outstanding
1999 Water/sewer refunding	Business-type activities	05/01/99	08/01/11	3.70%-4.60%	\$ 2,145,000
2004 Water/sewer impr & ref	Business-type activities	05/01/04	08/01/24	2.25%-5.00%	3,860,000
2006 Water/sewer revenue	Business-type activities	06/15/06	08/01/26	2.25%-5.00%	8,705,000
2008 Water/sewer revenue	Business-type activities	08/21/08	08/01/18	3.00%-4.25%	5,345,000
Total revenue bonds outstanding					<u>\$ 20,055,000</u>

Revenue bond annual debt service requirements to maturity			
Year ending December 31	Business-type activities		
	Principal	Interest	Total requirements
2011	\$ 3,755,000	\$ 843,465	\$ 4,598,465
2012	1,530,000	685,475	2,215,475
2013	1,590,000	628,700	2,218,700
2014	1,665,000	568,150	2,233,150
2015	1,740,000	502,881	2,242,881
2016-2020	5,760,000	1,555,631	7,315,631
2021-2025	3,555,000	574,476	4,129,476
2026	460,000	20,700	480,700
Total	<u>\$ 20,055,000</u>	<u>\$ 5,379,478</u>	<u>\$ 25,434,478</u>

To service revenue debt, \$2,351,923 is available in the reserve accounts of the water and wastewater enterprise funds as of December 31, 2010 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, maintaining a current ratio coverage of 2.07. There are numerous limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

In propriety funds, unamortized debt issue costs are recorded as deferred charges 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.

Summary of changes in long-term liabilities for the year ending December 31, 2010

Debt type	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities					
<i>Bonds payable:</i>					
General obligation bonds	\$19,545,000	\$ -	\$ 1,935,000	\$17,610,000	\$ 1,510,000
Less deferred amounts:					
for issuance premiums	317,966	-	20,881	297,085	-
for issuance discounts	(146,410)	-	(14,525)	(131,885)	-
Total general obligation bonds	<u>19,716,556</u>	<u>-</u>	<u>1,941,356</u>	<u>17,775,200</u>	<u>1,510,000</u>
Special assessment bonds	335,000	-	80,000	255,000	-
with government commitment					
Less deferred amounts:					
for issuance discounts	(48,890)	-	(6,625)	(42,265)	-
Total special assessment bonds	<u>286,110</u>	<u>-</u>	<u>73,375</u>	<u>212,735</u>	<u>-</u>
Total bonds payable	20,002,666	-	2,014,731	17,987,935	1,510,000
Notes payable	153,045	-	7,487	145,558	8,029
Government loans	2,053,154	-	157,935	1,895,219	157,935
Claims and litigation	1,109,803	1,639,679	48,693	2,700,789	1,700,000
Pollution remediation obligation	106,250	9,693,750	725,343	9,074,657	1,555,976
Net pension obligation	617,333	1,391,243	1,577,876	430,700	-
Compensated absences	<u>4,568,601</u>	<u>101,363</u>	<u>79,276</u>	<u>4,590,688</u>	<u>3,603,954</u>
Governmental activities long-term liabilities	<u>\$28,610,852</u>	<u>\$12,826,035</u>	<u>\$ 4,611,341</u>	<u>\$36,825,546</u>	<u>\$ 8,535,894</u>
Business-type activities					
<i>Bonds payable:</i>					
Revenue bonds	\$23,660,000	\$ -	\$ 3,605,000	\$20,055,000	\$ 3,755,000
General obligation bonds	7,945,000	-	435,000	7,510,000	455,000
Less deferred amounts:					
for issuance premiums	163,596	-	29,246	134,350	-
for issuance discounts	(258,011)	-	(29,349)	(228,662)	(21,093)
Total bonds payable	31,510,585	-	4,039,897	27,470,688	4,188,907
Government loans	1,984,998	-	161,519	1,823,479	161,520
Pollution remediation obligation	4,496,594	6,623,749	78,593	11,041,750	1,214,240
Compensated absences	<u>490,492</u>	<u>69,816</u>	<u>1,805</u>	<u>558,503</u>	<u>457,477</u>
Total business-type activities long-term liabilities	<u>\$38,482,669</u>	<u>\$ 6,693,565</u>	<u>\$ 4,281,814</u>	<u>\$40,894,420</u>	<u>\$ 6,022,144</u>

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 \$49,909 and short-term liabilities of \$161,647 for internal service fund compensated absences are included in the above amounts. Also for the governmental activities, compensated absences are generally liquidated by the general fund.

The government-wide statement of net assets includes \$4,210,000 of long-term liabilities due within one year for business-type activities in bonds payable, net of unamortized premium/discount. The remaining amount of \$161,520 is displayed as other long-term liabilities in that section.

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

Discretely presented component unit

Bellingham-Whatcom Public Facilities District 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 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. These bonds are financed by state sales tax rebate revenue and will mature in 2027.

Limited sales tax obligation bonds currently outstanding

Name of issuance	Issue date	Maturity date	Interest rates	Debt outstanding
2007 Limited sales tax obligation	12/20/07	12/01/27	4.00%-4.20%	\$ 9,995,000
Total bonds outstanding				<u>\$ 9,995,000</u>

Limited sales tax annual debt service requirements to maturity

Year ending December 31	Discretely presented component unit		
	Principal	Interest	Total requirements
2011	\$ -	\$ 409,173	\$ 409,173
2012	-	409,173	409,173
2013	-	409,173	409,173
2014	-	409,173	409,173
2015	-	409,173	409,173
2016-2020	1,585,000	2,003,062	3,588,062
2021-2025	5,020,000	1,363,417	6,383,417
2026-2027	<u>3,390,000</u>	<u>228,234</u>	<u>3,618,234</u>
Total	<u>\$ 9,995,000</u>	<u>\$ 5,640,578</u>	<u>\$ 15,635,578</u>

The PFD entered into an agreement with the City of Bellingham to borrow funds from the City's 2004 LTGO PFD/Civic Field/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 Museum. The PFD pays the debt service costs on its portion of the bond. The PFD portion of the bond matures in 2026.

The PFD entered into an loan agreement with the City of Bellingham in 2008 to borrow \$2,800,000 for the purpose of funding the construction of the Whatcom Museum. This loan has a term of 10 years and payments are interest only for the first five years. The loan matures in 2018.

Intergovernmental loan currently outstanding

Name of issuance	Issue date	Maturity date	Interest rates	Debt outstanding
2004 City of Bellingham loan	11/01/04	12/01/26	3.00%-5.00%	\$ 8,445,000
2008 City of Bellingham loan	12/31/08	12/31/18	4.23%	1,800,000
Total bonds outstanding				<u>\$ 10,245,000</u>

Intergovernmental loan annual debt service requirements to maturity

Year ending December 31	Discretely presented component unit		
	Principal	Interest	Total requirements
2011	\$ 240,000	\$ 433,839	\$ 673,839
2012	265,000	426,639	691,639
2013	290,000	418,358	708,358
2014	662,107	407,483	1,069,590
2015	705,828	387,241	1,093,069
2016-2020	3,502,065	1,514,669	5,016,734
2021-2025	3,655,000	799,725	4,454,725
2026-2027	925,000	46,250	971,250
Total	<u>\$ 10,245,000</u>	<u>\$ 4,434,204</u>	<u>\$ 14,679,204</u>

Summary of long-term debt changes for the year ending December 31, 2010

Debt type	Beginning balance	Additions	Reductions	Ending balance	Due within one year
General obligation bonds	\$ 9,995,000	\$ -	\$ -	\$ 9,995,000	\$ -
Less deferred amounts for issuance discounts	(36,884)	-	(2,049)	(34,835)	-
Total bonds payable	9,958,116	-	(2,049)	9,960,165	-
Notes payable	11,455,000	-	1,210,000	10,245,000	210,000
Total long-term liabilities	<u>\$ 21,413,116</u>	<u>\$ -</u>	<u>\$ 1,207,951</u>	<u>\$ 20,205,165</u>	<u>\$ 210,000</u>

IV-I Segment information

The City's one nonmajor enterprise fund that meets the criteria established for segment information is the parking fund. The parking system operates parking facilities throughout the City. The covenants of the 2002 LTGO parking system refunding bond pledge the revenues of the parking system to pay the principal and interest on the bond.

Condensed statement of net assets

Assets:

Current assets	\$ 1,400,784
Restricted assets	33,661
Capital assets	<u>5,278,161</u>
Total assets	<u><u>6,712,606</u></u>

Liabilities:

Current	209,220
Noncurrent	<u>136,431</u>
Total liabilities	<u><u>345,651</u></u>

Net assets:

Invested in capital assets, net of related debt	5,023,161
Restricted	33,634
Unrestricted	<u>1,310,160</u>
Total net assets	<u><u>\$ 6,366,955</u></u>

Condensed statement of revenues, expenses and changes in net assets

Operating revenues (pledged against bond)	\$ 2,338,849
Depreciation expense	(99,808)
Other operating expenses	<u>(1,511,790)</u>
Operating income	727,251
Nonoperating revenues (expenses):	
Investment earnings	21,422
Interest expense	(12,903)
Other nonoperating expenses	34,880
Transfers out	<u>(704,019)</u>
Change in net assets	66,631
Beginning net assets	<u>6,300,324</u>
Ending net assets	<u><u>\$ 6,366,955</u></u>

Condensed statement of cash flows

Net cash provided (used) by:

Operating activities	\$ 871,384
Noncapital financing activities	(704,019)
Capital and related financing activities	(134,025)
Investing activities	<u>51,007</u>
Net increase (decrease)	84,347
Beginning cash and cash equivalents	<u>222,790</u>
Ending cash and cash equivalents	<u><u>\$ 307,137</u></u>

NOTE V. OTHER INFORMATION**V-A Risk management**

The City is exposed to various risks of losses related to torts, theft, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1977 the City decided to limit commercial insurance coverage because of its prohibitive costs and also because the City wished to maintain control over claim settlements. Since then the City has established the following four internal service funds to account for and finance its uninsured risks of loss:

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 including limited earthquake and flood coverage on City properties having an estimated total replacement value of \$184 million in 2010 and \$182 million in 2011. The current policy includes a \$50 thousand deductible with a loss limit per occurrence of \$200 million (except for earthquake and flood). The City carries a \$0 deductible liability policy to cover emergency medical services, with a limit of \$1 million. During the current and preceding two years, no City property losses exceeded the City's insurance coverage. In 2008, a City fire station experienced a fire, resulting in a loss which was adjusted under the property policy. During the current and preceding two years, no other property losses exceeded the deductible. Departments of the City contribute premiums based on claims history, department size and other factors. The level of contributions is established to pay prior and current year claims and to provide a reserve for future losses, including catastrophic losses. For 2010 department contributions, judgments and settlements flowing into the fund totaled \$1,020,543. For this same year, the City purchased excess liability insurance with a retained self-insurance limit of \$1 million and \$10 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. There is a sub-limit for earthquake and flood of \$15 million.

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 City has recorded in its financial statements all other material liabilities, including an estimate for all known claims liabilities. Claims expenditures and liabilities are accrued when the amount of that loss can be reasonably estimated. This estimate includes non-incremental claims adjustment expenses.

Changes in estimated claims liabilities, probable and possible losses for the past two years				
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Claims and litigation	Current year claims			Ending liability
	Beginning liability	and changes in estimates	Actual claims payments	
2008-2009	\$ 990,662	\$ 741,441	\$ 622,300	\$ 1,109,803
2009-2010	\$ 1,109,803	\$ 1,639,679	\$ 48,693	\$ 2,700,789

The City complies with GASB Statement 10, Accounting and Reporting for Risk Financing and Related Insurance Issues.

The unemployment compensation fund was established to reimburse the State of Washington Employment Security Department on a quarterly basis, for claims paid by them to former employees. State statutes mandate that most employers pay a tax or contribution to support the unemployment insurance system. City

department contributions for 2010 totaled \$144,478. In 2010, the City paid \$239,665 in unemployment claims and \$1,871 in administrative costs. At December 31, 2010, the total estimated liability is \$450,000.

The worker's compensation fund is the source for payment of employee injury claims and other related costs. The City is self insured for this program and administers its claims by retaining the services of a third party administrator. Currently, the City uses Eberle Vivian, Inc. for these services. Claims are administered within the guidelines established by the State of Washington. The workers' compensation program has reinsurance with a \$500,000 per occurrence deductible.

Premiums are assessed to City departments based upon the number of hours worked by covered employees. Rates are revised annually to generate revenues sufficient to cover anticipated expenditures and provide a reserve for incurred but unreported future expenses. City department contributions for 2010 totaled \$639,185. The department contribution rates are based on an internal formula derived from Washington State standard rates. In 2010, the City paid \$218,146 in worker's compensation claims and \$223,249 in administrative and reinsurance costs. At December 31, 2010, the total estimated liability is \$250,000.

The health benefits fund is the source for payment of employee health care and related costs. Medical insurance for employees is provided through premium paid plans, purchased through the Association of Washington City's Employee Benefit Trust. Both the City and employees contribute to the cost of medical insurance premiums. Dental insurance benefits for non-uniformed employees are provided through the Association of Washington City's Employee Benefits Trust. The self-insured vision plan for non-uniformed employees is administered through an independent Third Party Administrator. For uniformed employees dental and vision insurance, the City provides funding to the employees' unions who purchase this insurance on behalf of the employees. City departments pay monthly premiums to the health benefits fund to cover premiums paid to third parties, administrative overhead and other obligations. Department contributions for 2010 totaled \$8,792,909 for the medical program, \$1,202,967 for the dental program, and \$69,691 for the vision program. Employee contributions for 2010 totaled \$717,700 for medical, \$3,608 for dental, \$1,098 for vision, and \$21,904 for section 125 flexible benefits. At December 31, 2010, \$1,709,379 was available for all purposes. Claims expenditures and liabilities are disclosed and net assets are reserved for an estimate of the possible loss when the amount of that loss cannot be reasonably estimated.

Estimated changes in reserves

Fund	Beginning reserve	Current year claims and changes in estimates	Actual claims payments	Ending reserve
Unemployment compensation				
2008-2009	\$90,000	\$545,314	\$185,314	\$450,000
2009-2010	450,000	239,665	239,665	450,000
Workers' compensation				
2008-2009	368,381	491,306	422,489	437,198
2009-2010	\$437,198	\$30,948	\$218,146	\$250,000

In the opinion of management, 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 Party (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, 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 garbage contractor. The solid waste fund's projected cash flow indicates sufficient net revenue to repay the estimated principal and interest costs over a twenty-year period.

New Whatcom Waterfront Development project - In 2004, the City entered into an Interlocal Agreement with the Port of Bellingham to redevelop 137 acres of heavy industrial property located in the center of the City's downtown waterfront. The 20-year vision is to create a new city neighborhood with homes, shops, offices and light industry, as well as parks and promenades, a healthy shoreline habitat along Bellingham Bay, and a new marina. The City has agreed to provide essential new roads, utilities, parks and trails. The specific elements of the public infrastructure to be provided by the City will be delineated in the Development Agreement. The Port agreed to purchase the Georgia-Pacific property, conduct a comprehensive environmental cleanup of the site and the waterway in keeping with goals defined by the Bellingham Bay Pilot Project, and to develop new visitor and permanent moorage. In addition, the project has received support from the state for railroad track relocation, demolition, planning, and environmental cleanup. The federal government has awarded funds for major transportation improvements needed to access this site. In 2006, the State Legislature approved the New Whatcom Waterfront Development Project as one of the demonstration projects for the Local Infrastructure Financing Tool (LIFT). LIFT is a type of tax incremental financing that will provide up to \$1 million per year for capital projects in the redevelopment area for twenty-five years.

Bellingham-Whatcom Public Facilities District (PFD) contingent loan agreement – The City of Bellingham has signed a contingent loan and bridge loan agreement (contract 2007-0552) with the PFD.

- *Contingent loan commitment for bonds* - In 2007, the PFD issued \$9,995,000 of limited sales tax obligation bonds. The issue funded a portion of the cost of constructing the Whatcom Museum and paid 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 paid issuance costs of the Bonds. The contingent loan agreement provides that the City is to make a loan to the PFD in the event that the PFD is unable to provide for the payment of principal or interest on any of its Bonds.
- *Bridge loan* – The Campaign for the Arts (CFA) has committed to raising \$4,000,000 for PFD projects. The City shall make a bridge loan to the PFD, at the PFD's request, in an amount up to the \$2,800,000 with a term of 5 years interest only and 5 years principal and interest. The PFD repaid \$1 million in 2010.

Grant contingencies - The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

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, 2010 the outstanding balance of these loans are \$36,668 and the resultant contingent liability is \$33,001.

Housing Authority loan contingent agreements - The City of Bellingham has signed two contingent loan agreements with the Housing Authority of the City of Bellingham (Housing Authority). The agreements obligate the City, upon request from the Housing Authority, to restore the reserve accounts to the reserve requirement (1998 issue -105%, 2001 issue - 110%) or to pay regularly scheduled debt service if Authority funds are insufficient. The Housing Authority and the City would agree on repayment terms at that time. Rental income is applied to bond repayment and maintenance of reserve accounts. During the life of the agreements and earlier agreements with the Housing Authority, the Housing Authority has not utilized this loan provision. The City estimates no potential loss from the agreements.

- In 1998, the Housing Authority issued \$20,755,000 of housing refunding revenue bonds. The issue refunds the 1994 Cascade Meadows bonds and 1992 Pacific Rim bonds. The agreement is authorized by Ordinance 10925.

- In 2001, the Housing Authority issued \$5,350,000 of revenue bonds. The issue funds the acquisition and rehabilitation of a 91-unit apartment complex known as Varsity Village. The agreement is authorized by Ordinance 2001-11-083.

V-C GASB 49 pollution remediation obligations

The City records the following pollution remediation obligations as other liabilities in its solid waste major enterprise fund statements and in its greenways fund in the governmental section of the government wide statements. The City's future remediation obligations are updated at the end of each year to reflect current year remediation activities and new and revised estimates of future obligations. All sites are overseen by the Washington Department of Ecology.

Pollution remediation obligations		
Site	Governmental activities	Business-type activities
S. State St Man. Gas Plant (FKA Boulevard Park)	\$ 9,074,657	\$ -
Cornwall Ave Landfill Site	-	3,574,869
RG Haley Site	-	5,247,775
Eldridge Municipal Landfill	-	738,632
Central Waterfront	-	1,480,474
Total	<u>\$ 9,074,657</u>	<u>\$ 11,041,750</u>

South State Street Manufactured Gas Plant Site (FKA Boulevard Park) - The current estimated cost of remediation is \$9,800,000. Less expenditures made on or before 12/31/10, the City's current estimated share of the cleanup costs is \$9,074,657.

Cornwall Ave Landfill Site - In 2005, the City and the Port of Bellingham entered into an agreement to clean up this site with an original cost estimate of \$3 million plus oversight costs. The City has funded its share of that original estimate. These original estimates have been subsequently updated and clean-up costs are now expected to double to total around \$6 million. The City's portion including the updated additional costs is expected to be \$3,574,869.

RG Haley Site - Studies done in the course of the sale of this property to the City estimate clean up costs at \$5 million. It is estimated that an additional \$286,000 will be required for a RI/FS. The City's current estimated share of clean up is \$5,286,000. A small amount of work was done in 2010 resulting in an estimated 12/31/10 net clean up obligation of \$5,247,775 for the City.

Eldridge Avenue Municipal Landfill - The current cost estimate for remediation is \$738,632.

Central Water Front - In 2005, the City and the Port of Bellingham entered into an agreement to clean up this site for an estimated \$6,926,804. The City's current estimated liability is \$1,480,474.

V-D Interlocal agreements

Whatcom Medic One

The City of Bellingham and Whatcom County have entered into an agreement to provide countywide basic and advanced life support ambulance service. The City operates and manages the service (Whatcom Medic One) under advisement of a cooperative board composed of four City officials, three County officials and three officials from related associations. The City is responsible for setting fees, preparing annual budgets and providing accounting and reporting information. The County reviews this information for mutual acceptability. 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. 1/3rd of this new tax remains with the county/cities for law enforcement and 2/3rds of

this new tax is remitted to the County to be used for countywide emergency medical services. A 2006 interlocal agreement between the County and City reflects a higher County monetary contribution, with the City matching this amount with an in-kind contribution of city resources assigned to provide administrative support services. Per the interlocal agreement the contribution amounts stated for 2007 will increase at the rate of 1% per year. In 2010, Whatcom County contributed \$1,390,455 to Whatcom Medic One operations and the City contributed \$1,036,371. Beginning in 2007 the EMS sales tax is being used to fund the unfunded portion of Whatcom Medic One's budget. In 2010, the EMS sales tax funded \$1,674,784 of Whatcom Medic One's operations. Consistent with interlocal agreement language related to terminating the City/County contract for ambulance services, in 2010 Whatcom County advised the City of its intent to opt out of contract renewal. Without a new agreement, on January 1, 2014 Whatcom Medic One will no longer be contracted to provide countywide ambulance service. The co-owned Whatcom Medic One inventory and assets will be equally divided between Whatcom County and the City though a process yet to be identified.

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 is the responsibility of the Bellingham Police Chief. City fire department personnel operate "Prospect Communications Center" and administration 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 voting members consist of three members from the County, three from the City, one representing County fire districts and one elected official to be selected by the other members. The City of Bellingham Fire Chief serves as the nonvoting member. The Administrative board has the authority to establish broad policy guidelines and for establishing the annual financial contributions to be made by the member jurisdictions. In 2010, the City contributed \$1,761,684 to the public safety dispatch fund as its share of operations, approximately 43% of total revenues.

V-E Employee retirement systems and 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 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 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to GASB Statements No. 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.

Public Employees' Retirement System (PERS) Plans 1, 2 and 3

Plan description:

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) per year of service. (AFC is the monthly average of the 24 consecutive highest –paid service credit months.) The retirement benefit may not exceed 60 percent of AFC. The monthly benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. A cost-of living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, which is increased three percent annually. Plan 1 members may also elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity payable to the age of 60. The allowance amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of the survivor option. A cost-of living allowance is granted at age 66 based upon years of service times the COLA amount (based on the Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 members can receive credit for military service while actively serving in the military, if such credit makes them eligible to retire. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest paid service months.) PERS Plan 2 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 reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 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 3 percent for each year before age 65.
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on Consumer Price Index) capped at 3 percent annually.

The surviving spouse or eligible child or children of a PERS Plan 2 member who dies after leaving eligible employment having earned ten years of service credit may request a refund of the member's accumulated contributions. Effective July 22, 2007, said refund (adjusted as needed for specified legal reductions) is increased from 100 percent to 200 percent of the accumulated contributions if the member's death occurs in the uniformed service to the United States while participating in *Operation Enduring Freedom* or *Persian Gulf*, *Operation Iraqi Freedom*.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a monthly benefit that is 1 percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest paid service months.)

Effective June 7, 2006, 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 twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, they have the choice of a benefit that is reduced by 3 percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.

PERS Plan 3 defined benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit and Plan 3 provides the same cost-of-living allowance as Plan 2.

PERS Plan 3 defined contribution retirement benefits are solely dependent upon the results of investment activities.

The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Director of the Department of Retirement Systems.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service.

These disability benefits are actuarially reduced for each year that a member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3 percent annually.

PERS Plan 2 and Plan 3 members may have up to ten years of interruptive military service credit; five years at no cost and five years that may be purchased by paying the required contributions. Effective July 24, 2005, a member who becomes totally incapacitated for continued employment while serving the uniformed services, or a surviving spouse or eligible children, may apply for interruptive military service credit. Additionally, PERS Plan 2 and Plan 3 members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS members may also purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's retirement benefit.

Beneficiaries of a PERS Plan 2 or Plan 3 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Department of Labor and Industries.

A one-time-duty-related benefit is provided to the estate (or duly designated nominee) of a PERS member who dies in the line of service as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of said member's covered employment, if found eligible by the Department of Labor and Industries.

Judicial Benefit Multiplier

Beginning January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to participate in the Judicial Benefit Multiplier Program (JBM) enacted in 2006. Justices and judges in PERS Plan 1 and 2 were able to make a one-time irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of AFC. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of average compensation.

Members who chose to participate in JBM would: accrue service credit at the higher multiplier beginning with the date of their election, be subject to the benefit cap of 75 percent of AFC, pay higher contributions, stop contributing to the Judicial Retirement Account (JRA); and be given the option to increase the multiplier on past judicial service. Members who did not choose to participate would: continue to accrue service credit at the regular multiplier; continue to participate in the JRA, if applicable; never be a participant in the JBM Program; and continue to pay contributions at the regular PERS rate.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had previously opted into PERS membership, were required to participate in the JBM Program. Members required to be in the JBM program would: return to prior PERS Plan if membership had previously been established; be mandated into Plan 2 and not have a Plan 3 transfer choice, if a new PERS member; accrue the higher multiplier for all judicial service; not contribute to JRA; and not have the option to increase the multiplier for past judicial service.

There are 1,189 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2009:

Retirees and beneficiaries receiving benefits	\$ 74,857
Terminated plan members entitled to but not yet receiving benefits	28,074
Active plan members vested	105,339
Active plan members non-vested	53,896
Total	<u>\$ 262,166</u>

Funding policy:

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Director of the Department of Retirement

Systems sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2010, were as follows:

Members not participating in JBM:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
Employer*	5.31%**	5.31%**	5.31%***
Employee	6.00%****	3.9%****	*****

* The employer rates include the employer administrative expense fee currently set at 0.16%.

** The employer rate for state elected officials is 7.89% for Plan 1 and 5.31% for Plan 2 and Plan 3.

***Plan 3 defined benefit portion only.

****The employee rate for state elected officials is 7.5% for Plan 1 and 3.9% for Plan 2.

***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Members participating in JBM:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
Employer-State Agency*	7.81%	7.81%	7.81%**
Employer-Local Government*	5.31%	5.31%	5.31%**
Employee-State Agency	9.76%	7.25%	7.5%***
Employee-Local Government	12.26%	9.75%	7.5%***

* The employer rates include the employer administrative expense fee currently set at 0.16%.

**Plan 3 defined benefit portion only.

*** Minimum rate.

Both the City and the employees made the required contributions. The City's required contributions for the years ended December 31 were as follows:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
2010 \$	98,917	\$ 1,049,439	\$ 373,597
2009	169,547	1,360,454	469,801
2008 \$	183,162	\$ 1,407,240	\$ 470,140

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plans 1 and 2

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members. Membership in the system includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, those emergency medical technicians who were given the option and chose LEOFF Plan 2 membership. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan.

LEOFF defined benefit retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations. LEOFF retirement benefit provisions are established in Chapter 41.26 RCW and may be amended only by the State Legislature.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50.

The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

Term of service	Percent of final average salary
20 or more years	2.0%
10 but less than 20 years	1.5%
5 but less than 10 years	1.0%

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. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 1 provides death and disability benefits. Death benefits for survivors of Plan 1 members on active duty consist of the following: (1) if eligible spouse, 50 percent of the FAS, plus 5 percent of FAS for each eligible surviving child, with a limitation on the combined allowances of 60 percent of the FAS; or (2) If no eligible spouse, eligible children receive 30 percent of FAS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of FAS, divided equally.

A one-time-duty related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 1 member who dies as a result of injuries or illness sustained in the course of employment, if found eligible by the Department of Labor and Industries.

The LEOFF Plan 1 disability allowance is 50 percent of the FAS plus 5 percent for each child up to a maximum of 60 percent. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, the benefit continues as the greater of the member's disability allowance or service retirement allowance.

LEOFF Plan 1 members may purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's allowance.

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of 2 percent of the FAS per year of service. (FAS is based on the highest consecutive 60 months.) Plan 2 members who retire prior to the age of 53 receive reduced benefits. Benefits are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service required for eligibility. The Plan 2 allowance amount is 2 percent of the FAS for each year of service. Benefits are actuarially reduced for each year the member's age is less than 53, unless the disability is duty-related, and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. A catastrophic disability benefit equal to 70 percent of their FAS, subject to offsets for workers' compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are severely disabled in the line of duty and incapable of future substantial gainful employment in any capacity.

Effective June 2010, benefits to LEOFF Plan 2 members who are catastrophically disabled include payment of eligible health care insurance premiums.

Members of LEOFF Plan 2 who leave service because of a line-of-duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of a line-of-duty disability may be eligible to receive a retirement allowance of at least 10 percent of FAS and 2 percent per year of service beyond five years. The first 10 percent of the FAS is not subject to federal income tax.

LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, choose membership in that system and suspend their pension benefits, or not choose membership and continue receiving pension benefits without interruption.

LEOFF Plan 2 members who apply for retirement may purchase up to five years of additional service credit. The cost of this credit is the actuarial equivalent of the resulting increase in the member's benefit.

LEOFF Plan 2 members can purchase credit for military service that interrupts employment. Additionally, LEOFF Plan 2 members who become totally incapacitated for continued employment while serving in the uniformed services may apply for interruptive military service credit. Should any such member die during this active duty, the member's surviving spouse or eligible child(ren) may purchase service credit on behalf of the deceased member.

LEOFF Plan 2 members may also purchase up to 24 consecutive months of service credit for each period of temporary duty disability.

Beneficiaries of a LEOFF Plan 2 member who is killed in the course of employment receive retirement benefits without actuarial reduction, if found eligible by the Director of the Department of Labor and Industries.

Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of on-going health care insurance premiums paid to the Washington State Health Care Authority.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, if found eligible by the Department of Labor and Industries.

There are 372 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2009:

Retirees and Beneficiaries Receiving Benefits	9,454
Terminated Plan Members Entitled to but not yet Receiving Benefits	674
Active Plan Members Vested	13,363
Active Plan Members Non-vested	<u>3,944</u>
Total	<u><u>27,435</u></u>

Funding policy:

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. LEOFF Plan 2 employers and employees are required to pay at the level adopted

by the LEOFF Plan 2 Retirement Board. All employers are required to contribute at the level required by state law. The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the requirements of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2010, are as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.16%	5.24%**
Employee	0.00%	8.46%
State	N/A	3.38%

*The employer rates include the employer administrative expense fee currently set at 0.16%.

**The employer rate for ports and universities is 8.62%.

Both the City and the employees made the required contributions. The City's required contributions for the years ended December 31 were as follows:

	LEOFF Plan 1	LEOFF Plan 2
2010	\$ 1,332	\$ 1,140,020
2009	1,694	1,131,723
2008	\$ 1,999	\$ 1,104,947

Firefighters' and Police Officers' Pension Funds

Plan description:

The City is also the administrator of the firefighters' and police officers' pension plans shown as trust funds in the City's financial reports. Separate financial statements are not issued. Both systems are closed single-employer defined benefit plans that were established in conformance with RCW 41.18 and 41.20. These plans provide retirement benefits, disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

Membership and eligibility:

Membership is limited to firefighters' and police officers' employed prior to March 1, 1970 when the DRS LEOFF retirement system was established.

Firefighter plan membership as of December 31, 2010, consisted of 54 retirees and beneficiaries of which 48 were receiving benefits.

Police officer plan membership as of December 31, 2010, consisted of 32 retirees and beneficiaries of which 22 were receiving benefits.

Firefighters' pension 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 members are fully vested.

Police officers' pension 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 members are fully vested.

Benefit obligations:

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 excess benefits over LEOFF for covered members who retired or will retire after March 1, 1970.

Pension benefits are tied to the current pay rates and/or the cost of living index. Benefits are calculated based on length of service (a percentage for each year of service) and on the AFC 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 system and the benefits available under the old law. Where benefits under the old law exceed those under LEOFF, 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.

Summary of significant accounting policies:

The financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized as revenues in the period in which they are due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recorded when due and payable in accordance with the terms of each plan.

Investments:

Details of plan investments are included in Note IV-A. The fair value of investments in these funds are determined by their market value.

Funding policy and contributions:

The general fund is responsible for ensuring that each of the pension funds have adequate cash to pay their benefit obligations and administrative expenses each year. There have been no required employee contributions to the firefighters' or police officers' pension plans since March 1, 1970.

The firefighters' pension plan employer contributions for 2010 consisted of \$509,209 of City levied property tax and \$119,464 of state fire insurance premium tax.

The police officers' pension plan employer contributions for 2010 consisted of \$9,681 of unclaimed property auction proceeds and \$141,064 in General Fund contribution.

Funding status and progress:

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, 2010. The actuarial assumptions involving investment earnings and salary growth for both police officers' and firefighters' pension plans have been determined in accordance with the recommendation of the system's retained actuary. Under LEOFF, 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 are for Urban Wage Earners and Clerical Worker, Seattle-Everett, Washington, which is the basis of LEOFF increases. The amortization period is "30 year closed" beginning January 1, 1997. As of December 31, 2010 there are 16 years remaining.

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 ARC is computed using the entry age normal cost method. Under this method the projected benefits are allocated on a level basis as a percentage of salary over the earnings of each individual between entry age and assumed exit age. The actuarial value of assets is the market value. The amortization period used for unfunded obligations is 18 years.

The following assumptions are used in the most current study:

- 5.5% investment return on present and future assets
- 5.0% per year salary inflation compounded annually
- CPI increase of 3.0% per year for LEOFF benefits and 4.0% for City benefits

As of the last valuation date, December 31, 2010, the firefighters' pension plan is 82.8% funded and the police officers' pension plan is 165.0% funded.

Annual Pension Cost (APC) and Net Pension Obligation (NPO)

	Firefighters' 12/31/10	Police Officers' 12/31/10
Annual required contribution (ARC)	\$ 219,490	\$ (84,599)
Interest on net pension obligation (NPO)	(228,528)	(143,323)
Actuarial adjustment to ARC	339,296	212,793
Annual pension cost (APC)	330,258	(15,129)
Employer contributions	(628,673)	(150,745)
Increase / (decrease) in net pension obligation	(298,415)	(165,874)
Net pension obligation (asset) at beginning of year	(4,155,056)	(2,605,880)
Net pension obligation (asset) at end of year	<u>\$ (4,453,471)</u>	<u>\$ (2,771,754)</u>

Three-year pension trend information

	Year ending	Annual pension cost (APC)	Employer contributions	Contribution as a % of APC	Net pension obligation (NPO)
Firefighters'	12/31/08	\$ 432,966	\$ 1,158,121	267.5%	\$ (3,429,538)
	12/31/09	302,884	1,028,402	339.5%	(4,155,056)
	12/31/10	330,258	628,673	190.4%	(4,453,471)
Police Officers'	12/31/08	12,813	64,815	505.9%	(2,566,121)
	12/31/09	(22,200)	17,559	-79.1%	(2,605,880)
	12/31/10	\$ (15,129)	\$ 150,745	-996.4%	\$ (2,771,754)

The trend information is intended to provide an indication of the progress being made in accumulating sufficient assets to pay benefits when due. A negative net pension obligation is the result of the City overpaying its annual required pension cost.

V-F Other post employment benefits (OPEB)

Firefighters' and Police Officers' Medical and Long-Term Care Plans

Plan description:

In addition to the pension benefits described in Note V-E, the City is also the administrator of the Firefighters' and Police Officers' defined benefit post-employment medical and long-term care plans. Both health plans are closed single-employer defined benefit plans shown as trust funds in the City's financial reports. Separate financial statements are not issued. In accordance with RCW 41.26 the City provides lifetime health care benefits for firefighters' and police officers' who established membership after June 8, 1961 and before October 1, 1977.

Membership and eligibility:

As of December 31, 2010, there are 130 LEOFF I employees and former employees of the City who have established membership after June 8, 1961 and before October 1, 1977. Of these 130 employees, 74 firefighters' and 48 police officers' currently meet the retirement eligibility requirements.

Benefit obligations:

The City's obligation under the plans consists of paying retired LEOFF I members' lifetime usual and customary medical and long-term care services not payable from another source. The Bellingham Fire and Police Pension Boards' review claims and designate the health care services and expenses to be covered.

Summary of significant accounting policies:

The financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized as revenues in the period in which they are due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recorded when due and payable in accordance with the terms of each plan.

Investments:

Details of plan investments are included in Note IV-A. The fair value of investments in these funds are determined by their market value.

Funding policy and contributions:

The general fund is responsible for ensuring that the health trust funds have adequate cash to pay their benefit obligations and administrative expenses each year. The medical care benefits are funded on a pay-as-you-go basis. The long-term care benefits are being pre-funded.

The firefighters' medical and long-term care health plans' employer contributions for 2010 consisted of \$1,411,449 of City levied property tax and \$166,427 of general fund contribution.

The police officers' medical and long-term care health plans' employer contributions for 2010 consisted solely of \$692,509 of general fund contribution.

Member benefits and expenses:

In 2010, the City purchased group insurance from Association of Washington Cities (AWC) to provide comprehensive medical coverage for LEOFF I retirees under the age of 65 and supplemental medical coverage for LEOFF I retirees over the age of 65. The City reimburses Medicare Part B premiums for eligible LEOFF I retirees over the age of 65.

The fixed AWC insurance premiums paid in 2010 were \$1,263 per month for retirees not enrolled in Medicare and \$885 per month for retirees enrolled in Medicare. The Medicare Part B insurance premiums paid in 2010 were \$111 per month.

OPEB medical and long-term care benefit and expenses paid in 2010		
	Firefighters'	Police Officers'
Medical	\$ 1,021,993	\$ 675,784
Long-term care	299,354	123,104
Administrative expenses	5,324	7,688
Total	<u>\$ 1,326,671</u>	<u>\$ 806,576</u>

Funding status and progress:

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, 2010. The actuarial assumptions involving investment earnings and salary growth for both police officers' and firefighters' long-term care plans have been determined in accordance with the recommendation of the system's retained actuary.

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 ARC is computed using the entry age normal cost method. Under this method the projected benefits are allocated on a level basis as a percentage of salary over the earnings of each individual between entry age and assumed exit age. The actuarial value of assets is the market value of assets. The amortization period used for unfunded obligations is 26 years. The following assumptions are used in the most current study:

- 5.5% investment return on present and future assets
- 5.0% long-term care expense inflation

As of the last valuation date, December 31, 2010 the firefighters' OPEB long-term care plan is 7.2% funded and the police officers' OPEB long-term care plan is 12.2% funded.

Annual OPEB cost (AOC) and net OPEB obligation			
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	Firefighters'	Police Officers'
	12/31/10	12/31/10
Annual required contribution (ARC)	\$ 1,400,119	\$ 915,952
Interest on net OPEB obligation	33,953	(13,352)
Actuarial adjustment to ARC	(42,829)	16,843
Annual OPEB cost (AOC)	1,391,243	919,443
Employer contributions	(1,577,876)	(692,509)
Increase / (decrease) in net OPEB obligation	(186,633)	226,934
Net OPEB obligation (asset) at beginning of year	617,333	(242,770)
Net OPEB obligation (asset) at end of year	\$ 430,700	\$ (15,836)

Three-year OPEB trend information					
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	Year ending	Annual OPEB (AOC)	Employer contributions	Contribution as a % of AOC	Net OPEB obligation
Firefighters'	12/31/08	\$ 1,305,298	\$ 1,093,128	83.7%	\$ 280,123
	12/31/09	1,396,421	1,059,211	75.9%	617,333
	12/31/10	1,391,243	1,577,876	113.4%	430,700
Police Officers'	12/31/08	927,933	1,096,621	118.2%	(309,856)
	12/31/09	920,043	852,957	92.7%	(242,770)
	12/31/10	\$ 919,443	\$ 692,509	75.3%	\$ (15,836)

The trend information is intended to provide an indication of the progress being made in accumulating sufficient assets to pay benefits when due. A negative net OPEB obligation is the result of the City overpaying its annual required OPEB cost. The statement of net assets and the statement of changes in plan net assets for the trust funds are presented below with separation between the pension, medical care, and long-term care plans.

Statement of Net Assets
Firefighters' Pension & OPEB
December 31, 2010

	<u>Pension</u>	<u>Medical</u>	<u>Long-term Care</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 816,730	\$ -	\$ 390,933	\$ 1,207,663
Investments:				
Governments securities	2,768,780	-	1,325,293	4,094,073
Receivables, net	63,115	-	5,177	68,292
Interfund loans receivable	1,896,826	-	-	1,896,826
Total assets	<u>5,545,451</u>	<u>-</u>	<u>1,721,403</u>	<u>7,266,854</u>
LIABILITIES				
Accounts payable	3,493	-	7,964	11,457
Accrued pension benefits	48,706	-	-	48,706
Other liabilities	52,299	-	-	52,299
Total liabilities	<u>104,498</u>	<u>-</u>	<u>7,964</u>	<u>112,462</u>
NET ASSETS				
Held in trust for employees' pension and OPEB benefits	<u>\$ 5,440,953</u>	<u>\$ -</u>	<u>\$ 1,713,439</u>	<u>\$ 7,154,392</u>

Statement of Changes in Plan Net Assets
Firefighters' Pension & OPEB
December 31, 2010

	<u>Pension</u>	<u>Medical</u>	<u>Long-term Care</u>	<u>Totals</u>
ADDITIONS				
Contributions:				
Taxes	\$ 628,673	\$ 1,027,317	\$ 384,132	\$ 2,040,122
Employer contributions	-	-	166,427	166,427
Total trust contributions	<u>628,673</u>	<u>1,027,317</u>	<u>550,559</u>	<u>2,206,549</u>
Investment income:				
Interest	124,887	-	24,358	149,245
Net increase in fair value of investments	(7,566)	-	(3,432)	(10,998)
Net investment income	117,321	-	20,926	138,247
Total additions	<u>745,994</u>	<u>1,027,317</u>	<u>571,485</u>	<u>2,344,796</u>
DEDUCTIONS				
Benefits	595,294	1,021,993	299,354	1,916,641
Administration expense	-	5,324	-	5,324
Total deductions	<u>595,294</u>	<u>1,027,317</u>	<u>299,354</u>	<u>1,921,965</u>
NET INCREASE				
Pension Benefits	150,700	-	-	150,700
Long-term care benefits	-	-	272,131	272,131
Net assets pension-benefits, January 1, 2010	<u>5,290,253</u>	<u>-</u>	<u>1,441,308</u>	<u>6,731,561</u>
Net assets long-term care benefits, December 31, 2010	<u>\$ 5,440,953</u>	<u>\$ -</u>	<u>\$ 1,713,439</u>	<u>\$ 7,154,392</u>

Statement of Net Assets
Police Officer's Pension & OPEB
December 31, 2010

	<u>Pension</u>	<u>Medical</u>	<u>Long-term Care</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 715,484	\$ -	\$ 464,123	\$ 1,179,607
Investments:				
Governments securities	2,425,546	-	1,573,415	3,998,961
Receivables, net	<u>9,476</u>	<u>-</u>	<u>6,146</u>	<u>15,622</u>
Total assets	<u>3,150,506</u>	<u>-</u>	<u>2,043,684</u>	<u>5,194,190</u>
LIABILITIES				
Accounts payable	3,848	-	375	4,223
Other liabilities	<u>12,435</u>	<u>-</u>	<u>-</u>	<u>12,435</u>
Total liabilities	<u>16,283</u>	<u>-</u>	<u>375</u>	<u>16,658</u>
NET ASSETS				
Held in trust for employees' pension & OPEB benefits	<u>\$ 3,134,223</u>	<u>\$ -</u>	<u>\$ 2,043,309</u>	<u>\$ 5,177,532</u>

Statement of Changes in Plan Net Assets
Police Officers' Pension & OPEB
December 31, 2010

	<u>Pension</u>	<u>Medical Care</u>	<u>Long-term Care</u>	<u>Totals</u>
ADDITIONS				
Contributions:				
Auction Proceeds	\$ 9,681	\$ -	\$ -	\$ 9,681
Employer contributions	<u>141,064</u>	<u>683,472</u>	<u>9,037</u>	<u>833,573</u>
Total trust contributions	<u>150,745</u>	<u>683,472</u>	<u>9,037</u>	<u>843,254</u>
Investment income:				
Interest	48,418	-	32,220	80,638
Net increase in fair value of investments	<u>(7,675)</u>	<u>-</u>	<u>(5,464)</u>	<u>(13,139)</u>
Net investment income	<u>40,743</u>	<u>-</u>	<u>26,756</u>	<u>67,499</u>
Total additions	<u>191,488</u>	<u>683,472</u>	<u>35,793</u>	<u>910,753</u>
DEDUCTIONS				
Benefits	171,311	675,784	123,104	970,199
Administration expense	<u>-</u>	<u>7,688</u>	<u>-</u>	<u>7,688</u>
Total deductions	<u>171,311</u>	<u>683,472</u>	<u>123,104</u>	<u>977,887</u>
NET INCREASE				
Pension Benefits	20,177	-	-	20,177
Long-term care benefits	<u>-</u>	<u>-</u>	<u>(87,311)</u>	<u>(87,311)</u>
Net assets pension-benefits, January 1, 2010	<u>3,114,046</u>	<u>-</u>	<u>2,130,620</u>	<u>5,244,666</u>

V-G 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 \$20,000,000 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 second was the beyond greenways endowment fund with 10% of the levy property tax receipts and interest earnings not yet needed for operational purposes, and any principal donations that are intended to be kept in a nonexpendable trust.

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 \$.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, trail, and open space property acquisition, development, and maintenance. The City created the greenways III fund to account for 91% of the levy property tax receipts to be used for acquisition and development/improvement of property. 9% of the levy property tax receipts and interest earnings but not yet needed for operational purposes are deposited into the endowment fund.

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

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

As of December 31, 2010, a total of \$3,458,448 in property taxes and donations has been receipted into the endowment fund. Interest in the amount of \$200,605 remains unspent.

Natural resource protect and restore fund – As a result of the Olympic Pipeline disaster occurring in June 1999, 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 \$4,000,000 endowment was received December 16, 2003.

According to the terms of the agreement, the corpus (or original lump revenue) cannot be expended for fifty (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, 2010, interest in the amount of \$484,472 remains unspent.

The fund balance of the endowment fund is reflected in the governmental portion of the statement of net assets and the statement of activities. Washington State authorizes the spending of net appreciation on investments of endowments in RCW 24.44. 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-H Restricted net assets

The government-wide statement of net assets reports \$61,306,401 of restricted net assets, of which \$22,981,190 is restricted by enabling legislation.

V-I Closed funds

Fund 222 – In 2010, the City made the final debt service payment on the 1999 LTGO Municipal Court bonds. All funding was expended and the fund was closed.

V-J Prior period adjustments and change in accounting methods

Fund 225 – In 2004, the City issued the 2004 Civic/PFD bond and loaned a portion of the debt issue to the Whatcom Public Facilities District. When the receivable was created in the debt service fund, a deferred revenue was also created. The City has recently become aware that deferred revenue should not be used when accounting for a loan. In 2010, a journal entry was made debiting deferred revenue and crediting reserved fund balance for \$8,655,000 to eliminate the deferred revenue balance.

Fund 190/191 – The City administers a HUD revolving loan program. In accounting for the revolving loan receivable, the City has been using a deferred revenue account. The City has recently become aware that deferred revenue should not be used when accounting for revolving loan receivables. In 2010, a journal entry was made debiting deferred revenue and crediting reserved fund balance for a total of 10,637,092 to eliminate the deferred revenue balance.

V-K Subsequent events

On April 27, 2011, the City issued taxable qualified energy conservation bonds in the amount of \$6,480,000. The bonds will mature on December 1, 2026 in the aggregate principal amount. Pursuant to Section 54D of the Internal Revenue Code of 1986, as amended (the “Code”), the City is authorized to issue “taxable qualified energy conservation bonds” for the purpose of financing certain qualified energy conservation projects and to elect 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”). The federal credit payment will be paid to the City; no holders of the bonds will be entitled to a tax credit. The proceeds from the sale of the bonds will be used to pay for (i) capital improvements in over 20 City-owned municipal buildings for the purpose of reducing energy consumption in such buildings by at least 20 percent and (ii) the cost of issuance of the bonds. The improvements will benefit both governmental and proprietary funds. Each fund will pay their pro-rata share of the debt service on the bonds.

REQUIRED SUPPLEMENTARY INFORMATION

Actuarial valuations for the following pension and OPEB long-term care plans are performed every two years using the Entry Age Normal Cost Method. The most recent valuation was performed December 31, 2010 and the next scheduled valuation date is December 31, 2012.

Schedule of funding progress for pension funds					
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	Valuation date	Actuarial value of assets	Actuarial liabilities entry age	Unfunded actuarial liabilities (UAL)	Funded ratio
Firefighters'	12/31/2006	\$ 3,512,000	\$ 8,204,000	\$ 4,692,000	42.8%
	12/31/2008	4,762,000	7,385,000	2,623,000	64.5%
	12/31/2010	5,441,000	6,570,000	1,129,000	82.8%
Police Officers'	12/31/2006	2,684,000	2,142,000	(542,000)	125.3%
	12/31/2008	3,216,000	2,205,000	(1,011,000)	145.9%
	12/31/2010	\$ 3,134,000	\$ 1,899,000	\$ (1,235,000)	165.0%

Schedule of employer contributions for pension funds				
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	Year ending	Annual required contribution	Employer contributions	Percentage contributed
Firefighters'	12/31/2005	\$ 395,775	\$ 534,883	135.1%
	12/31/2006	395,775	744,634	188.1%
	12/31/2007	372,881	891,820	239.2%
	12/31/2008	372,881	1,158,121	310.6%
	12/31/2009	219,490	1,028,401	468.5%
	12/31/2010	219,490	628,673	286.4%
Police Officers'	12/31/2005	100,937	178,774	177.1%
	12/31/2006	100,937	1,416,813	1403.7%
	12/31/2007	(43,044)	447,709	-1040.1%
	12/31/2008	(43,044)	64,815	-150.6%
	12/31/2009	(84,599)	17,559	-20.8%
	12/31/2010	\$ (84,599)	\$ 150,745	-178.2%

Schedule of funding progress for OPEB long-term care

	Valuation date	Actuarial value of assets	Actuarial liabilities entry age	Unfunded actuarial liabilities (UAL)	Funded ratio
Firefighters'	12/31/2006	\$ 1,228,000	\$ 21,255,000	\$ 20,027,000	5.8%
	12/31/2008	1,480,000	20,939,000	19,459,000	7.1%
	12/31/2010	1,713,000	23,929,000	22,216,000	7.2%
Police Officers'	12/31/2006	1,298,000	15,500,000	14,202,000	8.4%
	12/31/2008	2,008,000	14,738,000	12,730,000	13.6%
	12/31/2010	\$ 2,043,000	\$ 16,798,000	\$ 14,755,000	12.2%

Schedule of employer contributions for OPEB long-term care

	Year ending	Annual required contribution	Employer contributions	Percentage contributed
Firefighters'	12/31/2006	\$ 1,306,122	\$ 1,520,859	116.4%
	12/31/2007	1,306,122	1,025,822	78.5%
	12/31/2008	1,306,122	1,093,128	83.7%
	12/31/2009	1,400,119	1,059,211	75.7%
	12/31/2010	1,400,119	1,577,876	112.7%
Police Officers'	12/31/2006	926,221	1,236,077	133.5%
	12/31/2007	926,221	760,982	82.2%
	12/31/2008	926,221	1,096,621	118.4%
	12/31/2009	915,952	852,957	93.1%
	12/31/2010	\$ 915,952	\$ 692,509	75.6%



CITY OF BELLINGHAM
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010

	Special Revenue Funds	Debt Service Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,980,901	\$ 184,386	\$ 1,446,128	\$ 6,611,415
Investments	16,885,649	\$ 625,086	4,902,488	22,413,223
Receivables, net	358,577	\$ 116,288	10,568	485,433
Due from other funds	89	-	-	89
Due from other governments	147,094	-	-	147,094
Due from component units	-	-	1,800,000	1,800,000
Special assessments - deferred	-	899,463	-	899,463
Total assets	<u>22,372,310</u>	<u>1,825,223</u>	<u>8,159,184</u>	<u>32,356,717</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	578,964	-	-	578,964
Accrued wages and benefits	156,687	-	-	156,687
Due to other funds	89	-	-	89
Other liabilities	121,600	604	1,717	123,921
Deferred revenue	106,852	909,390	10,568	1,026,810
Total liabilities	<u>964,192</u>	<u>909,994</u>	<u>12,285</u>	<u>1,886,471</u>
FUND BALANCES				
Reserved fund balances	-	915,229	7,458,448	8,373,677
Unreserved fund balances	21,408,118	-	688,451	22,096,569
Total fund balances	<u>21,408,118</u>	<u>915,229</u>	<u>8,146,899</u>	<u>30,470,246</u>
Total liabilities and fund balances	<u>\$ 22,372,310</u>	<u>\$ 1,825,223</u>	<u>\$ 8,159,184</u>	<u>\$ 32,356,717</u>

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2010

	Special Revenue Funds	Debt Service Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 6,489,756	\$ 352,628	\$ 381,819	\$ 7,224,203
Intergovernmental revenue	4,492,971	-	-	4,492,971
Charges for services	2,174,727	-	-	2,174,727
Investment income	363,079	11,643	182,750	557,472
Miscellaneous revenues	582,482	681,710	-	1,264,192
Total revenues	<u>14,103,015</u>	<u>1,045,981</u>	<u>564,569</u>	<u>15,713,565</u>
EXPENDITURES				
Current:				
General government services	605,831	-	-	605,831
Public safety	4,114,112	-	-	4,114,112
Physical environment	164,574	-	172,722	337,296
Cultural and recreation	1,888,622	-	-	1,888,622
Debt service:				
Redemption of general long-term debt	-	1,500,422	-	1,500,422
Interest and other debt service cost	-	300,972	-	300,972
Capital outlay	5,288,431	-	-	5,288,431
Total expenditures	<u>12,061,570</u>	<u>1,801,394</u>	<u>172,722</u>	<u>14,035,686</u>
Excess (deficiency) of revenues				
Over (under) expenditures	<u>2,041,445</u>	<u>(755,413)</u>	<u>391,847</u>	<u>1,677,879</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	637,656	1,082,718	-	1,720,374
Transfers out	(1,050,606)	-	(179,418)	(1,230,024)
Total other financing sources (uses)	<u>(412,950)</u>	<u>1,082,718</u>	<u>(179,418)</u>	<u>490,350</u>
Net change in fund balances	1,628,495	327,305	212,429	2,168,229
Fund balances - beginning	<u>19,779,623</u>	<u>587,924</u>	<u>7,934,470</u>	<u>28,302,017</u>
Fund balances - ending	<u>\$ 21,408,118</u>	<u>\$ 915,229</u>	<u>\$ 8,146,899</u>	<u>\$ 30,470,246</u>



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.

123 – Park Site Acquisition

Acquisition of land for parks, playgrounds, open space or greenbelts in areas deemed appropriate by the City Council. The source of revenue is a charge of \$50 per lot in subdivisions that do not dedicate or set aside property for park purposes. Established by Ordinance 8414.

124 – Technology Replacement and Reserve

Created to fund the acquisition or replacement of computer system hardware and software. Amounts approved by City Council are transferred from other funds. Originally established by Ordinance 9961 and modified by Ordinance 2007-11-091. *Goal for ending fund balance is \$300,000 for use in the event of an emergency as determined by Council in their sole discretion involving technology resource.*

125 – Capital Maintenance

A cumulative reserve to meet needs for repairs, maintenance, non-capital remodeling and non-capital improvements to facilities. Established in the 1987 Budget by Ordinance 9629.

126 – Library Gift

Accumulates cash gifts to the library from private sources. Expenditures are made to provide books or other materials for the library. Established by Ordinance 7573 and transferred to special revenue classification by Ordinance 2001-11-086.

131 – Olympic Pipeline Incident

Created for the purpose of accounting for funds to implement maintenance and monitoring tasks on Whatcom Creek pursuant to the Olympic Pipeline Whatcom Creek Restoration Plan. Established by Ordinance 2005-10-082.

132 – Squalicum Park/Olympic

Created to account for the proceeds of a portion of the settlement from Olympic Pipeline to be used for Squalicum Park. This fund will be closed after all proceeds placed in the fund have been disbursed. Established by Ordinance 2004-01-002.

133 – Olympic Restoration

Created for the purpose of accounting for funds to complete restoration projects on Whatcom Creek pursuant to the Olympic Pipeline Whatcom Creek Restoration Plan. Established by Ordinance 2005-10-083.

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.

135 – Little Squalicum – Oeser Settlement

Created to account for the settlement funds from the Oeser property settlement. Established by Ordinance 2006-01-001.

141 – First ¼% 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.

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 the surrounding County. This separate fund facilitates reporting financial operations to user agencies and to the 911 Center's Board of Administration. Funded by user agencies. Established by Ordinance 9165.

172 – Beyond Greenway Levy

Funded by increased property tax of \$.57 per thousand of assessed valuation, to be collected over nine years, not to exceed \$20 million. Continues the acquisition, improvement and maintenance of greenways areas begun by the original greenway levy. Voter approved levy passed in 1997. The fund was established by Ordinance 1998-02-004.

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, as authorized by Ordinance 2006-02-012, are placed in this fund. Funds are invested until needed, and the interest income remains with the park impact fee fund until the fees and interest are either refunded to the property owner or utilized as part of the resources for an approved project. 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.

180 – Tourism

Pays costs of tourism promotion or acquisition and operation of tourism-related facilities. The source of revenue is a special excise tax of four percent on transient lodging of less than one month, pursuant to RCW 67.28.180 and Ordinances 8319 and 10915.

City of Bellingham
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010

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	Paths and Trails Reserve	Park Site Acquisition	Technology Replacement and Reserve	Capital Maintenance	Library Gift	Olympic Pipeline Incident	Squalicum Park/Olympic	Olympic Restoration	Olympic- Whatcom Falls Park Addition	Little Squalicum Oeser Settlement	First 1/4% Real Estate Excise
ASSETS											
Cash and cash equivalents	\$ 14,674	\$ 67,801	\$ 313,437	\$ 290,295	\$ 13,912	\$ 157,470	\$ 18,454	\$ 5,650	\$ 59,215	\$ 12,597	\$ 852,815
Investments	49,748	229,851	1,062,578	984,121	47,163	533,836	62,562	19,152	200,744	42,704	2,891,111
Receivables, net	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>64,422</u>	<u>297,652</u>	<u>1,376,015</u>	<u>1,274,416</u>	<u>61,075</u>	<u>691,306</u>	<u>81,016</u>	<u>24,802</u>	<u>259,959</u>	<u>55,301</u>	<u>3,743,926</u>
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Accounts payable	-	-	93,030	112,963	3,357	499	-	-	-	7,388	14,129
Accrued wages and benefits	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>93,030</u>	<u>112,963</u>	<u>3,357</u>	<u>499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,388</u>	<u>14,129</u>
FUND BALANCES											
Unreserved fund balance	<u>64,422</u>	<u>297,652</u>	<u>1,282,985</u>	<u>1,161,453</u>	<u>57,718</u>	<u>690,807</u>	<u>81,016</u>	<u>24,802</u>	<u>259,959</u>	<u>47,913</u>	<u>3,729,797</u>
Total fund balances	<u>64,422</u>	<u>297,652</u>	<u>1,282,985</u>	<u>1,161,453</u>	<u>57,718</u>	<u>690,807</u>	<u>81,016</u>	<u>24,802</u>	<u>259,959</u>	<u>47,913</u>	<u>3,729,797</u>
Total liabilities and fund balances	<u>\$ 64,422</u>	<u>\$ 297,652</u>	<u>\$ 1,376,015</u>	<u>\$ 1,274,416</u>	<u>\$ 61,075</u>	<u>\$ 691,306</u>	<u>\$ 81,016</u>	<u>\$ 24,802</u>	<u>\$ 259,959</u>	<u>\$ 55,301</u>	<u>\$ 3,743,926</u>

City of Bellingham
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010

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	Second 1/4% Real Estate Excise	Police Federal Equitable	Asset Forfeit/Drug Enforcement	Criminal Justice	Public Safety Dispatch	Beyond Greenway Levy	Greenway III Levy	Park Impact Fees	Sportsplex	Tourism	Nonmajor Special Revenue Funds
ASSETS											
Cash and cash equivalents	\$ 391,223	\$ 132,184	\$ 8,429	\$ 152,638	\$ 426,777	\$ 301,635	\$ 1,151,939	\$ 494,436	\$ 36,102	\$ 79,218	\$ 4,980,901
Investments	1,326,276	448,116	28,575	517,454	1,446,808	1,022,569	3,905,164	1,676,176	122,387	268,554	16,885,649
Receivables, net	-	-	-	-	19,515	6	339,056	-	-	-	358,577
Due from other funds	-	-	-	-	-	-	89	-	-	-	89
Due from other governments	17,338	-	-	-	-	129,756	-	-	-	-	147,094
Total assets	<u>1,734,837</u>	<u>580,300</u>	<u>37,004</u>	<u>670,092</u>	<u>1,893,100</u>	<u>1,453,966</u>	<u>5,396,248</u>	<u>2,170,612</u>	<u>158,489</u>	<u>347,772</u>	<u>\$ 22,372,310</u>
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Accounts payable	18,801	4,166	1,914	4,638	15,361	104,600	92,725	8,157	-	97,236	578,964
Accrued wages and benefits	-	-	-	-	156,687	-	-	-	-	-	156,687
Due to other funds	-	-	-	-	-	-	-	89	-	-	89
Other liabilities	-	-	-	-	-	-	-	-	121,600	-	121,600
Deferred revenue	-	-	-	-	-	6	106,846	-	-	-	106,852
Total liabilities	<u>18,801</u>	<u>4,166</u>	<u>1,914</u>	<u>4,638</u>	<u>172,048</u>	<u>104,606</u>	<u>199,571</u>	<u>8,246</u>	<u>121,600</u>	<u>97,236</u>	<u>964,192</u>
FUND BALANCES											
Unreserved fund balance	1,716,036	576,134	35,090	665,454	1,721,052	1,349,360	5,196,677	2,162,366	36,889	250,536	21,408,118
Total fund balances	<u>1,716,036</u>	<u>576,134</u>	<u>35,090</u>	<u>665,454</u>	<u>1,721,052</u>	<u>1,349,360</u>	<u>5,196,677</u>	<u>2,162,366</u>	<u>36,889</u>	<u>250,536</u>	<u>21,408,118</u>
Total liabilities and fund balances	<u>\$ 1,734,837</u>	<u>\$ 580,300</u>	<u>\$ 37,004</u>	<u>\$ 670,092</u>	<u>\$ 1,893,100</u>	<u>\$ 1,453,966</u>	<u>\$ 5,396,248</u>	<u>\$ 2,170,612</u>	<u>\$ 158,489</u>	<u>\$ 347,772</u>	<u>\$ 22,372,310</u>

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010

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	Paths and Trails Reserve	Park Site Acquisition	Technology Replacement and Reserve	Capital Maintenance	Library Gift	Olympic Pipeline Incident	Squalicum Park/Olympic	Olympic Restoration	Olympic- Whatcom Falls Park Addition	Little Squalicum Oeser Settlement	First 1/4% Real Estate Excise
REVENUES											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 853,990
Intergovernmental revenue	8,356	44,277	-	-	2,229	-	-	-	-	-	439,524
Charges for services	-	-	-	-	-	-	-	-	-	-	-
Investment income	963	4,118	23,578	21,665	-	11,336	1,547	594	4,156	4,094	69,184
Miscellaneous revenues	-	-	-	-	66,664	-	-	-	-	-	-
Total revenues	<u>9,319</u>	<u>48,395</u>	<u>23,578</u>	<u>21,665</u>	<u>68,893</u>	<u>11,336</u>	<u>1,547</u>	<u>594</u>	<u>4,156</u>	<u>4,094</u>	<u>1,362,698</u>
EXPENDITURES											
Current:											
General government services	-	-	167,470	431,351	-	-	-	-	-	-	7,010
Public safety	-	-	-	-	-	-	-	-	-	-	-
Physical environment	-	-	-	109,907	-	37,608	-	16,359	-	-	-
Cultural and recreation	-	-	-	90,989	59,893	-	-	-	-	121,605	46,702
Capital outlay	-	-	193,773	-	-	-	23,396	-	-	-	735,970
Total expenditures	<u>-</u>	<u>-</u>	<u>361,243</u>	<u>632,247</u>	<u>59,893</u>	<u>37,608</u>	<u>23,396</u>	<u>16,359</u>	<u>-</u>	<u>121,605</u>	<u>789,682</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,319</u>	<u>48,395</u>	<u>(337,665)</u>	<u>(610,582)</u>	<u>9,000</u>	<u>(26,272)</u>	<u>(21,849)</u>	<u>(15,765)</u>	<u>4,156</u>	<u>(117,511)</u>	<u>573,016</u>
OTHER FINANCING SOURCES (USES)											
Transfers in	-	-	40,828	450,000	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	(146,828)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>40,828</u>	<u>450,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(146,828)</u>	<u>-</u>
Net change in fund balances	<u>9,319</u>	<u>48,395</u>	<u>(296,837)</u>	<u>(160,582)</u>	<u>9,000</u>	<u>(26,272)</u>	<u>(21,849)</u>	<u>(15,765)</u>	<u>4,156</u>	<u>(264,339)</u>	<u>573,016</u>
Fund balance - beginning	<u>55,103</u>	<u>249,257</u>	<u>1,579,822</u>	<u>1,322,035</u>	<u>48,718</u>	<u>717,079</u>	<u>102,865</u>	<u>40,567</u>	<u>255,803</u>	<u>312,252</u>	<u>3,156,781</u>
Fund balance - ending	<u>\$ 64,422</u>	<u>\$ 297,652</u>	<u>\$ 1,282,985</u>	<u>\$ 1,161,453</u>	<u>\$ 57,718</u>	<u>\$ 690,807</u>	<u>\$ 81,016</u>	<u>\$ 24,802</u>	<u>\$ 259,959</u>	<u>\$ 47,913</u>	<u>\$ 3,729,797</u>

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010

Page 2 of 2

	Second 1/4% Real Estate Excise	Police Federal Equitable	Asset Forfeit/Drug Enforcement	Criminal Justice	Public Safety Dispatch	Beyond Greenway Levy	Greenway III Levy	Park Impact Fees	Sportsplex	Tourism	Total Nonmajor Special Revenue Funds
REVENUES											
Taxes	\$ 853,990	\$ -	\$ -	\$ -	\$ -	\$ 150	\$ 3,860,450	\$ -	\$ -	\$ 921,176	\$ 6,489,756
Intergovernmental revenue	494,453	47,547	-	274,380	2,353,249	432,351	396,605	-	-	-	4,492,971
Charges for services	-	-	-	-	1,762,059	20	-	412,648	-	-	2,174,727
Investment income	48,328	9,001	969	10,967	23,509	25,288	59,336	37,068	2,519	4,859	363,079
Miscellaneous revenues	-	-	20,901	-	612	-	493,352	-	953	-	582,482
Total revenues	<u>1,396,771</u>	<u>56,548</u>	<u>21,870</u>	<u>285,347</u>	<u>4,139,429</u>	<u>457,809</u>	<u>4,809,743</u>	<u>449,716</u>	<u>3,472</u>	<u>926,035</u>	<u>14,103,015</u>
EXPENDITURES											
Current:											
General government services	-	-	-	-	-	-	-	-	-	-	605,831
Public safety	-	51,262	47,397	75,485	3,939,968	-	-	-	-	-	4,114,112
Physical environment	700	-	-	-	-	-	-	-	-	-	164,574
Cultural and recreation	35,163	-	-	-	-	31,758	691,238	5,399	-	805,875	1,888,622
Capital outlay	1,183,915	-	28,976	-	360,763	1,037,479	1,262,597	461,562	-	-	5,288,431
Total expenditures	<u>1,219,778</u>	<u>51,262</u>	<u>76,373</u>	<u>75,485</u>	<u>4,300,731</u>	<u>1,069,237</u>	<u>1,953,835</u>	<u>466,961</u>	<u>-</u>	<u>805,875</u>	<u>12,061,570</u>
Excess (deficiency) of revenues over (under) expenditures	<u>176,993</u>	<u>5,286</u>	<u>(54,503)</u>	<u>209,862</u>	<u>(161,302)</u>	<u>(611,428)</u>	<u>2,855,908</u>	<u>(17,245)</u>	<u>3,472</u>	<u>120,160</u>	<u>2,041,445</u>
OTHER FINANCING SOURCES (USES)											
Transfers in	-	-	-	-	-	146,828	-	-	-	-	637,656
Transfers out	(673,778)	-	-	(140,000)	-	-	-	-	-	(90,000)	(1,050,606)
Total other financing sources (uses)	<u>(673,778)</u>	<u>-</u>	<u>-</u>	<u>(140,000)</u>	<u>-</u>	<u>146,828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,000)</u>	<u>(412,950)</u>
Net change in fund balances	<u>(496,785)</u>	<u>5,286</u>	<u>(54,503)</u>	<u>69,862</u>	<u>(161,302)</u>	<u>(464,600)</u>	<u>2,855,908</u>	<u>(17,245)</u>	<u>3,472</u>	<u>30,160</u>	<u>1,628,495</u>
Fund balance - beginning	<u>2,212,821</u>	<u>570,848</u>	<u>89,593</u>	<u>595,592</u>	<u>1,882,354</u>	<u>1,813,960</u>	<u>2,340,769</u>	<u>2,179,611</u>	<u>33,417</u>	<u>220,376</u>	<u>19,779,623</u>
Fund balance - ending	<u>\$ 1,716,036</u>	<u>\$ 576,134</u>	<u>\$ 35,090</u>	<u>\$ 665,454</u>	<u>\$ 1,721,052</u>	<u>\$ 1,349,360</u>	<u>\$ 5,196,677</u>	<u>\$ 2,162,366</u>	<u>\$ 36,889</u>	<u>\$ 250,536</u>	<u>\$ 21,408,118</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Paths and Trails Reserve Fund
For the Year Ended December 31, 2010

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	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
			GAAP Basis	Positive
				(Negative)
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ 8,356	\$ 8,356
Investment income	675	675	963	288
Total revenues	<u>675</u>	<u>675</u>	<u>9,319</u>	<u>8,644</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>675</u>	<u>675</u>	<u>9,319</u>	<u>8,644</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	8,100	8,100	-	(8,100)
Total other financing sources (uses)	<u>8,100</u>	<u>8,100</u>	<u>-</u>	<u>(8,100)</u>
Net change in fund balances	<u>8,775</u>	<u>8,775</u>	<u>9,319</u>	<u>544</u>
Fund balance - beginning	<u>53,318</u>	<u>54,921</u>	<u>55,103</u>	<u>182</u>
Fund balance - ending	<u>\$ 62,093</u>	<u>\$ 63,696</u>	<u>\$ 64,422</u>	<u>\$ 726</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Park Site Acquisition Fund
For the Year Ended December 31, 2010

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	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
			GAAP Basis	Positive
				(Negative)
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ 44,277	\$ 44,277
Investment income	5,312	5,312	4,118	(1,194)
Total revenues	<u>5,312</u>	<u>5,312</u>	<u>48,395</u>	<u>43,083</u>
EXPENDITURES				
Capital outlay	9,000	220,239	-	220,239
Total expenditures	<u>9,000</u>	<u>220,239</u>	<u>-</u>	<u>220,239</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>(3,688)</u>	<u>(214,927)</u>	<u>48,395</u>	<u>263,322</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(3,688)</u>	<u>(214,927)</u>	<u>48,395</u>	<u>263,322</u>
Fund balance - beginning	<u>37,810</u>	<u>248,434</u>	<u>249,257</u>	<u>823</u>
Fund balance - ending	<u>\$ 34,122</u>	<u>\$ 33,507</u>	<u>\$ 297,652</u>	<u>\$ 264,145</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Technology Replacement and Reserve Fund
For the Year Ended December 31, 2010

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Investment income	\$ 48,530	\$ 48,530	\$ 23,578	\$ (24,952)
Total revenues	<u>48,530</u>	<u>48,530</u>	<u>23,578</u>	<u>(24,952)</u>
EXPENDITURES				
Current:				
General government services	41,600	41,600	167,470	(125,870)
Capital outlay	<u>415,606</u>	<u>490,292</u>	<u>193,773</u>	<u>296,519</u>
Total expenditures	<u>457,206</u>	<u>531,892</u>	<u>361,243</u>	<u>170,649</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>(408,676)</u>	<u>(483,362)</u>	<u>(337,665)</u>	<u>145,697</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>90,000</u>	<u>90,000</u>	<u>40,828</u>	<u>(49,172)</u>
Total other financing sources (uses)	<u>90,000</u>	<u>90,000</u>	<u>40,828</u>	<u>(49,172)</u>
Net change in fund balances	<u>(318,676)</u>	<u>(393,362)</u>	<u>(296,837)</u>	<u>96,525</u>
Fund balance - beginning	<u>1,088,042</u>	<u>1,574,599</u>	<u>1,579,822</u>	<u>5,223</u>
Fund balance - ending	<u>\$ 769,366</u>	<u>\$ 1,181,237</u>	<u>\$ 1,282,985</u>	<u>\$ 101,748</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Capital Maintenance Fund
For the Year Ended December 31, 2010

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	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
			GAAP Basis	Positive
				(Negative)
REVENUES				
Investment income	\$ 39,642	\$ 39,642	\$ 21,665	\$ (17,977)
Total revenues	<u>39,642</u>	<u>39,642</u>	<u>21,665</u>	<u>(17,977)</u>
EXPENDITURES				
Current:				
General government services	600,000	637,188	431,351	205,837
Physical environment	-	385,761	109,907	275,854
Culture and recreation	35,000	138,515	90,989	47,526
Total expenditures	<u>635,000</u>	<u>1,161,464</u>	<u>632,247</u>	<u>529,217</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>(595,358)</u>	<u>(1,121,822)</u>	<u>(610,582)</u>	<u>511,240</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	450,000	450,000	450,000	-
Total other financing sources (uses)	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>-</u>
Net change in fund balances	<u>(145,358)</u>	<u>(671,822)</u>	<u>(160,582)</u>	<u>511,240</u>
Fund balance - beginning	<u>281,003</u>	<u>1,317,476</u>	<u>1,322,035</u>	<u>4,559</u>
Fund balance - ending	<u>\$ 135,645</u>	<u>\$ 645,654</u>	<u>\$ 1,161,453</u>	<u>\$ 515,799</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Library Gift Fund
For the Year Ended December 31, 2010

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	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
			GAAP Basis	Positive
				(Negative)
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ 2,229	\$ 2,229
Miscellaneous revenues	15,000	67,809	66,664	(1,145)
Total revenues	<u>15,000</u>	<u>67,809</u>	<u>68,893</u>	<u>1,084</u>
EXPENDITURES				
Current:				
Culture and recreation	15,000	67,809	59,893	7,916
Total expenditures	<u>15,000</u>	<u>67,809</u>	<u>59,893</u>	<u>7,916</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>-</u>	<u>-</u>	<u>9,000</u>	<u>9,000</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>9,000</u>	<u>9,000</u>
Fund balance - beginning	<u>37,904</u>	<u>48,551</u>	<u>48,718</u>	<u>167</u>
Fund balance - ending	<u>\$ 37,904</u>	<u>\$ 48,551</u>	<u>\$ 57,718</u>	<u>\$ 9,167</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Olympic Pipeline Incident Fund
For the Year Ended December 31, 2010

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Investment income	\$ 15,189	\$ 15,189	\$ 11,336	\$ (3,853)
Total revenues	<u>15,189</u>	<u>15,189</u>	<u>11,336</u>	<u>(3,853)</u>
EXPENDITURES				
Current:				
Physical environment	-	689,029	37,608	651,421
Total expenditures	<u>-</u>	<u>689,029</u>	<u>37,608</u>	<u>651,421</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>15,189</u>	<u>(673,840)</u>	<u>(26,272)</u>	<u>647,568</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>15,189</u>	<u>(673,840)</u>	<u>(26,272)</u>	<u>647,568</u>
Fund balance - beginning	<u>30,018</u>	<u>714,670</u>	<u>717,079</u>	<u>2,409</u>
Fund balance - ending	<u>\$ 45,207</u>	<u>\$ 40,830</u>	<u>\$ 690,807</u>	<u>\$ 649,977</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Squalicum Park/Olympic Fund
For the Year Ended December 31, 2010

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	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
			GAAP Basis	Positive
				(Negative)
REVENUES				
Investment income	\$ -	\$ -	\$ 1,547	\$ 1,547
Total revenues	-	-	1,547	1,547
EXPENDITURES				
Capital outlay	-	89,962	23,396	66,566
Total expenditures	-	89,962	23,396	66,566
Excess (deficiency) of revenues				
over (under) expenditures	-	(89,962)	(21,849)	68,113
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	(89,962)	(21,849)	68,113
Fund balance - beginning	12,905	102,520	102,865	345
Fund balance - ending	<u>\$ 12,905</u>	<u>\$ 12,558</u>	<u>\$ 81,016</u>	<u>\$ 68,458</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Olympic Restoration Fund
For the Year Ended December 31, 2010

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Investment income	\$ 497	\$ 497	\$ 594	\$ 97
Total revenues	<u>497</u>	<u>497</u>	<u>594</u>	<u>97</u>
EXPENDITURES				
Current:				
Physical environment	-	40,434	16,359	24,075
Total expenditures	<u>-</u>	<u>40,434</u>	<u>16,359</u>	<u>24,075</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>497</u>	<u>(39,937)</u>	<u>(15,765)</u>	<u>24,172</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>497</u>	<u>(39,937)</u>	<u>(15,765)</u>	<u>24,172</u>
Fund balance - beginning	<u>40,554</u>	<u>40,433</u>	<u>40,567</u>	<u>134</u>
Fund balance - ending	<u>\$ 41,051</u>	<u>\$ 496</u>	<u>\$ 24,802</u>	<u>\$ 24,306</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Olympic - Whatcom Falls Park Addition Fund
For the Year Ended December 31, 2010

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	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
			GAAP Basis	Positive
				(Negative)
REVENUES				
Investment income	\$ 3,389	\$ 3,389	\$ 4,156	\$ 767
Total revenues	<u>3,389</u>	<u>3,389</u>	<u>4,156</u>	<u>767</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>3,389</u>	<u>3,389</u>	<u>4,156</u>	<u>767</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>3,389</u>	<u>3,389</u>	<u>4,156</u>	<u>767</u>
Fund balance - beginning	<u>255,590</u>	<u>254,958</u>	<u>255,803</u>	<u>845</u>
Fund balance - ending	<u>\$ 258,979</u>	<u>\$ 258,347</u>	<u>\$ 259,959</u>	<u>\$ 1,612</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Little Squalicum Oeser Settlement Fund
For the Year Ended December 31, 2010

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Investment income	\$ 6,187	\$ 6,187	\$ 4,094	\$ (2,093)
Total revenues	<u>6,187</u>	<u>6,187</u>	<u>4,094</u>	<u>(2,093)</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>7,000</u>	<u>170,565</u>	<u>121,605</u>	<u>48,960</u>
Total expenditures	<u>7,000</u>	<u>170,565</u>	<u>121,605</u>	<u>48,960</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>(813)</u>	<u>(164,378)</u>	<u>(117,511)</u>	<u>46,867</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>(146,828)</u>	<u>(146,828)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(146,828)</u>	<u>(146,828)</u>	<u>-</u>
Net change in fund balances	<u>(813)</u>	<u>(311,206)</u>	<u>(264,339)</u>	<u>46,867</u>
Fund balance - beginning	<u>54,810</u>	<u>311,206</u>	<u>312,252</u>	<u>1,046</u>
Fund balance - ending	<u>\$ 53,997</u>	<u>\$ -</u>	<u>\$ 47,913</u>	<u>\$ 47,913</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
First 1/4% Real Estate Excise Tax Fund
For the Year Ended December 31, 2010

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	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 930,000	\$ 930,000	\$ 853,990	\$ (76,010)
Intergovernmental revenue	-	-	439,524	439,524
Investment income	84,414	84,414	69,184	(15,230)
Total revenues	<u>1,014,414</u>	<u>1,014,414</u>	<u>1,362,698</u>	<u>348,284</u>
EXPENDITURES				
Current:				
General government services	5,000	10,984	7,010	3,974
Culture and recreation	72,000	72,000	46,702	25,298
Capital outlay	1,630,000	2,957,183	735,970	2,221,213
Total expenditures	<u>1,707,000</u>	<u>3,040,167</u>	<u>789,682</u>	<u>2,250,485</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(692,586)</u>	<u>(2,025,753)</u>	<u>573,016</u>	<u>2,598,769</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(692,586)</u>	<u>(2,025,753)</u>	<u>573,016</u>	<u>2,598,769</u>
Fund balance - beginning	<u>1,414,278</u>	<u>3,146,144</u>	<u>3,156,781</u>	<u>10,637</u>
Fund balance - ending	<u>\$ 721,692</u>	<u>\$ 1,120,391</u>	<u>\$ 3,729,797</u>	<u>\$ 2,609,406</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Second 1/4% Real Estate Excise Tax Fund
For the Year Ended December 31, 2010

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	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
			GAAP Basis	Positive
				(Negative)
REVENUES				
Taxes	\$ 930,000	\$ 930,000	\$ 853,990	\$ (76,010)
Intergovernmental revenue	425,000	3,187,920	494,453	(2,693,467)
Investment income	78,861	78,861	48,328	(30,533)
Total revenues	<u>1,433,861</u>	<u>4,196,781</u>	<u>1,396,771</u>	<u>(2,800,010)</u>
EXPENDITURES				
Current:				
Physical environment	-	-	700	(700)
Culture and recreation	25,000	52,305	35,163	17,142
Capital outlay	965,000	4,420,917	1,183,915	3,237,002
Total expenditures	<u>990,000</u>	<u>4,473,222</u>	<u>1,219,778</u>	<u>3,253,444</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>443,861</u>	<u>(276,441)</u>	<u>176,993</u>	<u>453,434</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(673,827)	(673,827)	(673,778)	49
Total other financing sources (uses)	<u>(673,827)</u>	<u>(673,827)</u>	<u>(673,778)</u>	<u>49</u>
Net change in fund balances	<u>(229,966)</u>	<u>(950,268)</u>	<u>(496,785)</u>	<u>453,483</u>
Fund balance - beginning	<u>540,885</u>	<u>2,206,405</u>	<u>2,212,821</u>	<u>6,416</u>
Fund balance - ending	<u>\$ 310,919</u>	<u>\$ 1,256,137</u>	<u>\$ 1,716,036</u>	<u>\$ 459,899</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Police Federal Equitable Fund
For the Year Ended December 31, 2010

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Intergovernmental revenue	\$ 13,480	\$ 13,480	\$ 47,547	\$ 34,067
Investment income	<u>2,550</u>	<u>2,550</u>	<u>9,001</u>	<u>6,451</u>
Total revenues	<u>16,030</u>	<u>16,030</u>	<u>56,548</u>	<u>40,518</u>
EXPENDITURES				
Current:				
Public safety	<u>51,960</u>	<u>54,043</u>	<u>51,262</u>	<u>2,781</u>
Total expenditures	<u>51,960</u>	<u>54,043</u>	<u>51,262</u>	<u>2,781</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>(35,930)</u>	<u>(38,013)</u>	<u>5,286</u>	<u>43,299</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(35,930)</u>	<u>(38,013)</u>	<u>5,286</u>	<u>43,299</u>
Fund balance - beginning	<u>339,190</u>	<u>568,962</u>	<u>570,848</u>	<u>1,886</u>
Fund balance - ending	<u>\$ 303,260</u>	<u>\$ 530,949</u>	<u>\$ 576,134</u>	<u>\$ 45,185</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Asset Forfeiture/Drug Enforcement Fund
For the Year Ended December 31, 2010

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	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
			GAAP Basis	Positive
				(Negative)
REVENUES				
Investment income	\$ 6,111	\$ 6,111	\$ 969	\$ (5,142)
Miscellaneous revenues	50,000	50,000	20,901	(29,099)
Total revenues	<u>56,111</u>	<u>56,111</u>	<u>21,870</u>	<u>(34,241)</u>
EXPENDITURES				
Current:				
Public safety	78,289	78,289	47,397	30,892
Capital outlay	20,000	20,000	28,976	(8,976)
Total expenditures	<u>98,289</u>	<u>98,289</u>	<u>76,373</u>	<u>21,916</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>(42,178)</u>	<u>(42,178)</u>	<u>(54,503)</u>	<u>(12,325)</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(42,178)</u>	<u>(42,178)</u>	<u>(54,503)</u>	<u>(12,325)</u>
Fund balance - beginning	<u>95,314</u>	<u>89,284</u>	<u>89,593</u>	<u>309</u>
Fund balance - ending	<u>\$ 53,136</u>	<u>\$ 47,106</u>	<u>\$ 35,090</u>	<u>\$ (12,016)</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Criminal Justice Fund
For the Year Ended December 31, 2010

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Intergovernmental revenue	\$ 257,229	\$ 257,229	\$ 274,380	\$ 17,151
Investment income	10,044	10,044	10,967	923
Total revenues	<u>267,273</u>	<u>267,273</u>	<u>285,347</u>	<u>18,074</u>
EXPENDITURES				
Current:				
Public safety	40,000	75,485	75,485	-
Total expenditures	<u>40,000</u>	<u>75,485</u>	<u>75,485</u>	<u>-</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>227,273</u>	<u>191,788</u>	<u>209,862</u>	<u>18,074</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(140,000)	(140,000)	(140,000)	-
Total other financing sources (uses)	<u>(140,000)</u>	<u>(140,000)</u>	<u>(140,000)</u>	<u>-</u>
Net change in fund balances	<u>87,273</u>	<u>51,788</u>	<u>69,862</u>	<u>18,074</u>
Fund balance - beginning	<u>539,405</u>	<u>593,674</u>	<u>595,592</u>	<u>1,918</u>
Fund balance - ending	<u>\$ 626,678</u>	<u>\$ 645,462</u>	<u>\$ 665,454</u>	<u>\$ 19,992</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Public Safety Dispatch Fund
For the Year Ended December 31, 2010

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	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
			GAAP Basis	Positive
				(Negative)
REVENUES				
Intergovernmental revenue	\$ 2,376,965	\$ 2,376,965	\$ 2,353,249	\$ (23,716)
Charges for services	1,761,648	1,761,648	1,762,059	411
Investment income	34,542	34,542	23,509	(11,033)
Miscellaneous revenues	-	-	612	612
Total revenues	<u>4,173,155</u>	<u>4,173,155</u>	<u>4,139,429</u>	<u>(33,726)</u>
EXPENDITURES				
Current:				
Public safety	4,026,864	4,076,052	3,939,968	136,084
Capital outlay	<u>481,870</u>	<u>481,870</u>	<u>360,763</u>	<u>121,107</u>
Total expenditures	<u>4,508,734</u>	<u>4,557,922</u>	<u>4,300,731</u>	<u>257,191</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>(335,579)</u>	<u>(384,767)</u>	<u>(161,302)</u>	<u>223,465</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(335,579)</u>	<u>(384,767)</u>	<u>(161,302)</u>	<u>223,465</u>
Fund balance - beginning	<u>1,426,372</u>	<u>1,875,504</u>	<u>1,882,354</u>	<u>6,850</u>
Fund balance - ending	<u>\$ 1,090,793</u>	<u>\$ 1,490,737</u>	<u>\$ 1,721,052</u>	<u>\$ 230,315</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Beyond Greenway Levy Fund
For the Year Ended December 31, 2010

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	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
			GAAP Basis	Positive
				(Negative)
REVENUES				
Taxes	\$ -	\$ -	\$ 150	\$ 150
Intergovernmental revenue	-	435,651	432,351	(3,300)
Charges for services	500	500	20	(480)
Investment income	21,586	21,586	25,288	3,702
Total revenues	<u>22,086</u>	<u>457,737</u>	<u>457,809</u>	<u>72</u>
EXPENDITURES				
Current:				
Culture and recreation	3,000	12,972	31,758	(18,786)
Capital outlay	80,000	1,736,107	1,037,479	698,628
Total expenditures	<u>83,000</u>	<u>1,749,079</u>	<u>1,069,237</u>	<u>679,842</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>(60,914)</u>	<u>(1,291,342)</u>	<u>(611,428)</u>	<u>679,914</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	146,828	146,828	-
Total other financing sources (uses)	<u>-</u>	<u>146,828</u>	<u>146,828</u>	<u>-</u>
Net change in fund balances	<u>(60,914)</u>	<u>(1,144,514)</u>	<u>(464,600)</u>	<u>679,914</u>
Fund balance - beginning	<u>590,077</u>	<u>1,808,415</u>	<u>1,813,960</u>	<u>5,545</u>
Fund balance - ending	<u>\$ 529,163</u>	<u>\$ 663,901</u>	<u>\$ 1,349,360</u>	<u>\$ 685,459</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Greenway III Levy Fund
For the Year Ended December 31, 2010

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	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
			GAAP Basis	Positive
				(Negative)
REVENUES				
Taxes	\$ 3,977,410	\$ 3,977,410	\$ 3,860,450	\$ (116,960)
Intergovernmental revenue	425,000	2,388,711	396,605	(1,992,106)
Charges for services	500	500	-	(500)
Investment income	116,459	116,459	59,336	(57,123)
Miscellaneous revenues	-	-	493,352	493,352
Total revenues	<u>4,519,369</u>	<u>6,483,080</u>	<u>4,809,743</u>	<u>(1,673,337)</u>
EXPENDITURES				
Current:				
Culture and recreation	501,562	606,042	691,238	(85,196)
Capital outlay	<u>4,210,000</u>	<u>7,289,225</u>	<u>1,262,597</u>	<u>6,026,628</u>
Total expenditures	<u>4,711,562</u>	<u>7,895,267</u>	<u>1,953,835</u>	<u>5,941,432</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>(192,193)</u>	<u>(1,412,187)</u>	<u>2,855,908</u>	<u>4,268,095</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(192,193)</u>	<u>(1,412,187)</u>	<u>2,855,908</u>	<u>4,268,095</u>
Fund balance - beginning	<u>1,139,730</u>	<u>2,332,213</u>	<u>2,340,769</u>	<u>8,556</u>
Fund balance - ending	<u>\$ 947,537</u>	<u>\$ 920,026</u>	<u>\$ 5,196,677</u>	<u>\$ 4,276,651</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Park Impact Fees Fund
For the Year Ended December 31, 2010

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	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 500,000	\$ 500,000	\$ 412,648	\$ (87,352)
Investment income	50,348	50,348	37,068	(13,280)
Total revenues	<u>550,348</u>	<u>550,348</u>	<u>449,716</u>	<u>(100,632)</u>
EXPENDITURES				
Current:				
Culture and recreation	20,000	34,000	5,399	28,601
Capital outlay	850,000	2,520,780	461,562	2,059,218
Total expenditures	<u>870,000</u>	<u>2,554,780</u>	<u>466,961</u>	<u>2,087,819</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(319,652)</u>	<u>(2,004,432)</u>	<u>(17,245)</u>	<u>1,987,187</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(319,652)</u>	<u>(2,004,432)</u>	<u>(17,245)</u>	<u>1,987,187</u>
Fund balance - beginning	<u>680,637</u>	<u>2,172,399</u>	<u>2,179,611</u>	<u>7,212</u>
Fund balance - ending	<u>\$ 360,985</u>	<u>\$ 167,967</u>	<u>\$ 2,162,366</u>	<u>\$ 1,994,399</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Sportsplex Fund
For the Year Ended December 31, 2010

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	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
			GAAP Basis	Positive
				(Negative)
REVENUES				
Investment income	\$ 4,041	\$ 4,041	\$ 2,519	\$ (1,522)
Miscellaneous revenues	-	-	953	953
Total revenues	<u>4,041</u>	<u>4,041</u>	<u>3,472</u>	<u>(569)</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>4,041</u>	<u>4,041</u>	<u>3,472</u>	<u>(569)</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>4,041</u>	<u>4,041</u>	<u>3,472</u>	<u>(569)</u>
Fund balance - beginning	<u>31,131</u>	<u>32,905</u>	<u>33,417</u>	<u>512</u>
Fund balance - ending	<u>\$ 35,172</u>	<u>\$ 36,946</u>	<u>\$ 36,889</u>	<u>\$ (57)</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Tourism Fund
For the Year Ended December 31, 2010

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	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
			GAAP Basis	Positive
				(Negative)
REVENUES				
Taxes	\$ 875,000	\$ 875,000	\$ 921,176	\$ 46,176
Investment income	7,837	7,837	4,859	(2,978)
Total revenues	<u>882,837</u>	<u>882,837</u>	<u>926,035</u>	<u>43,198</u>
EXPENDITURES				
Current:				
Culture and recreation	687,837	831,520	805,875	25,645
Total expenditures	<u>687,837</u>	<u>831,520</u>	<u>805,875</u>	<u>25,645</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>195,000</u>	<u>51,317</u>	<u>120,160</u>	<u>68,843</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(90,000)	(90,000)	(90,000)	-
Total other financing sources (uses)	<u>(90,000)</u>	<u>(90,000)</u>	<u>(90,000)</u>	<u>-</u>
Net change in fund balances	105,000	(38,683)	30,160	68,843
Fund balance - beginning	<u>119,440</u>	<u>219,429</u>	<u>220,376</u>	<u>947</u>
Fund balance - ending	<u>\$ 224,440</u>	<u>\$ 180,746</u>	<u>\$ 250,536</u>	<u>\$ 69,790</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010

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	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
			GAAP Basis	Positive
				(Negative)
REVENUES				
Taxes	\$ 6,712,410	\$ 6,712,410	\$ 6,489,756	\$ (222,654)
Intergovernmental revenue	3,497,674	8,659,956	4,492,971	(4,166,985)
Charges for services	2,262,648	2,262,648	2,174,727	(87,921)
Investment income	536,214	536,214	363,079	(173,135)
Miscellaneous revenues	65,000	117,809	582,482	464,673
Total revenues	13,073,946	18,289,037	14,103,015	(4,186,022)
EXPENDITURES				
Current:				
General government services	646,600	689,772	605,831	83,941
Public safety	4,197,113	4,283,869	4,114,112	169,757
Physical environment	-	1,115,224	164,574	950,650
Culture and recreation	1,366,399	1,985,728	1,888,622	97,106
Capital outlay	8,661,476	20,226,575	5,288,431	14,938,144
Total expenditures	14,871,588	28,301,168	12,061,570	16,239,598
Excess (deficiency) of revenues				
over (under) expenditures	(1,797,642)	(10,012,131)	2,041,445	12,053,576
OTHER FINANCING SOURCES (USES)				
Transfers in	548,100	694,928	637,656	(57,272)
Transfers out	(903,827)	(1,050,655)	(1,050,606)	49
Total other financing sources (uses)	(355,727)	(355,727)	(412,950)	(57,223)
Net change in fund balances	(2,153,369)	(10,367,858)	1,628,495	11,996,353
Fund balance - beginning	8,808,413	19,713,102	19,779,623	66,521
Fund balance - ending	\$ 6,655,044	\$ 9,345,244	\$ 21,408,118	\$ 12,062,874

DEBT SERVICE FUNDS**214 – 2001 Fire UTGO Bond**

\$2,800,000 voted for land, construction and equipping of fire station #6 in the northern part of the City. Established by Ordinance 2001-03-016.

222 – 1999 Municipal Court LTGO Bond

\$3,420,000 to purchase the city hall annex and remodel the facility for use as a municipal court. \$500,000 of this amount paid a portion of the costs on the Fairhaven fire station replacement. Established by Ordinance 1999-05-029. The final debt service payment was made in 2010 and the fund was closed.

223 – 1996 Refunding LTGO Bond

\$4,195,000 for refunding portions of the outstanding Limited Tax General Obligation bonds, 1988 and 1992. Established by Ordinance 10734.

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.

231 – Drake Note

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

235 – PW Trust Fund Loan – Street Overlay

Funding for approximately eight miles of street resurfacing and rehabilitation. Loan agreement PW 02-691-004.

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. In 2009 debt service for LID 1099 and LID 1107/08 were paid off ahead of schedule. These LIDs were moved to the guaranty fund until the remainder of collections from district property holders are complete.

270 – Local Improvement District (LID) Bonds

\$4,357,957 to finance Bakerview Road LID (I-5 to Deemer Rd.) project. Established by ordinance 10795.

CITY OF BELLINGHAM
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2010

	2001 Fire UTGO Bond	1999 Court LTGO Bond	1996 Refund LTGO Bond	2004 Sportsplex LTGO Bond	Drake Note	PW Trust Loan Street Overlay	LID Guaranty	LID Assessment Debt Fund	Total Nonmajor Debt Service Funds
ASSETS									
Cash and cash equivalents	\$ 20,670	\$ -	\$ 69	\$ 5,146	\$ -	\$ -	\$ 154,628	\$ 3,873	\$ 184,386
Investments	70,074	-	233	17,447	-	-	524,203	13,129	625,086
Receivables, net	9,927	-	-	-	-	-	40,100	66,261	116,288
Special assessments - deferred	-	-	-	-	-	-	469,724	429,739	899,463
Total assets	<u>100,671</u>	<u>-</u>	<u>302</u>	<u>22,593</u>	<u>-</u>	<u>-</u>	<u>1,188,655</u>	<u>513,002</u>	<u>1,825,223</u>
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Other liabilities	302	-	302	-	-	-	-	-	604
Deferred revenue	9,927	-	-	-	-	-	469,724	429,739	909,390
Total liabilities	<u>10,229</u>	<u>-</u>	<u>302</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>469,724</u>	<u>429,739</u>	<u>909,994</u>
FUND BALANCES									
Reserved fund balance	90,442	-	-	22,593	-	-	718,931	83,263	915,229
Total fund balances	<u>90,442</u>	<u>-</u>	<u>-</u>	<u>22,593</u>	<u>-</u>	<u>-</u>	<u>718,931</u>	<u>83,263</u>	<u>915,229</u>
Total liabilities and fund balances	<u>\$ 100,671</u>	<u>\$ -</u>	<u>\$ 302</u>	<u>\$ 22,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,188,655</u>	<u>\$ 513,002</u>	<u>\$ 1,825,223</u>

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2010

	2001 Fire UTGO Bond	1999 Court LTGO Bond	1996 Refund LTGO Bond	2004 Sportsplex LTGO Bond	Drake Note	PW Trust Loan Street Overlay	LID Guaranty	LID Assessment Debt Fund	Total Nonmajor Debt Service Funds
REVENUES									
Taxes	\$ 352,628	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 352,628
Investment income	3,001	-	-	1,341	-	-	7,298	3	11,643
Miscellaneous revenues	-	-	-	268,260	-	-	291,060	122,390	681,710
Total revenues	<u>355,629</u>	<u>-</u>	<u>-</u>	<u>269,601</u>	<u>-</u>	<u>-</u>	<u>298,358</u>	<u>122,393</u>	<u>1,045,981</u>
EXPENDITURES									
Debt service:									
Redemption of general long-term debt	320,000	525,000	295,000	115,000	7,487	157,935	-	80,000	1,500,422
Interest and other debt service cost	<u>28,802</u>	<u>24,150</u>	<u>52,404</u>	<u>154,517</u>	<u>10,476</u>	<u>10,266</u>	<u>32</u>	<u>20,325</u>	<u>300,972</u>
Total expenditures	<u>348,802</u>	<u>549,150</u>	<u>347,404</u>	<u>269,517</u>	<u>17,963</u>	<u>168,201</u>	<u>32</u>	<u>100,325</u>	<u>1,801,394</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,827</u>	<u>(549,150)</u>	<u>(347,404)</u>	<u>84</u>	<u>(17,963)</u>	<u>(168,201)</u>	<u>298,326</u>	<u>22,068</u>	<u>(755,413)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	549,150	347,404	-	17,963	168,201	-	-	1,082,718
Total other financing sources (uses)	<u>-</u>	<u>549,150</u>	<u>347,404</u>	<u>-</u>	<u>17,963</u>	<u>168,201</u>	<u>-</u>	<u>-</u>	<u>1,082,718</u>
Net change in fund balances	6,827	-	-	84	-	-	298,326	22,068	327,305
Fund balances - beginning	<u>83,615</u>	<u>-</u>	<u>-</u>	<u>22,509</u>	<u>-</u>	<u>-</u>	<u>420,605</u>	<u>61,195</u>	<u>587,924</u>
Fund balance - ending	<u>\$ 90,442</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 718,931</u>	<u>\$ 83,263</u>	<u>\$ 915,229</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
2001 Fire UTGO Bond Fund
For the Year Ended December 31, 2010

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	<u>Budgeted Fund Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Taxes	\$ 350,000	\$ 350,000	\$ 352,628	\$ 2,628
Investment income	2,310	2,310	3,001	691
Total revenues	<u>352,310</u>	<u>352,310</u>	<u>355,629</u>	<u>3,319</u>
EXPENDITURES				
Debt service:				
Redemption of general long-term debt	320,000	320,000	320,000	-
Interest and other debt service cost	<u>28,925</u>	<u>28,925</u>	<u>28,802</u>	<u>123</u>
Total expenditures	<u>348,925</u>	<u>348,925</u>	<u>348,802</u>	<u>123</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>3,385</u>	<u>3,385</u>	<u>6,827</u>	<u>3,442</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>3,385</u>	<u>3,385</u>	<u>6,827</u>	<u>3,442</u>
Fund balance - beginning	<u>84,986</u>	<u>83,338</u>	<u>83,615</u>	<u>277</u>
Fund balance - ending	<u>\$ 88,371</u>	<u>\$ 86,723</u>	<u>\$ 90,442</u>	<u>\$ 3,719</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
1999 Municipal Court LTGO Bond Fund
For the Year Ended December 31, 2010

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	<u>Budgeted Fund Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service:				
Redemption of general long-term debt	525,000	525,000	525,000	-
Interest and other debt service cost	24,575	24,575	24,150	425
Total expenditures	<u>549,575</u>	<u>549,575</u>	<u>549,150</u>	<u>425</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>(549,575)</u>	<u>(549,575)</u>	<u>(549,150)</u>	<u>425</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>549,575</u>	<u>549,575</u>	<u>549,150</u>	<u>(425)</u>
Total other financing sources (uses)	<u>549,575</u>	<u>549,575</u>	<u>549,150</u>	<u>(425)</u>
Net change in fund balances	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
1996 Refund LTGO Bond Fund
For the Year Ended December 31, 2010

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	<u>Budgeted Fund Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service:				
Redemption of general long-term debt	295,000	295,000	295,000	-
Interest and other debt service cost	52,528	52,528	52,404	124
Total expenditures	347,528	347,528	347,404	124
Excess (deficiency) of revenues				
over (under) expenditures	(347,528)	(347,528)	(347,404)	124
OTHER FINANCING SOURCES (USES)				
Transfers in	347,528	347,528	347,404	(124)
Total other financing sources (uses)	347,528	347,528	347,404	(124)
Net change in fund balances	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
2004 Sportsplex Acq. LTGO Bond Fund
For the Year Ended December 31, 2010

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	<u>Budgeted Fund Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Investment income	\$ 1,395	\$ 1,395	\$ 1,341	\$ (54)
Miscellaneous revenues	268,386	268,386	268,260	(126)
Total revenues	<u>269,781</u>	<u>269,781</u>	<u>269,601</u>	<u>(180)</u>
EXPENDITURES				
Debt service:				
Redemption of general long-term debt	115,000	115,000	115,000	-
Interest and other debt service cost	154,639	154,639	154,517	122
Total expenditures	<u>269,639</u>	<u>269,639</u>	<u>269,517</u>	<u>122</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>142</u>	<u>142</u>	<u>84</u>	<u>(58)</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>142</u>	<u>142</u>	<u>84</u>	<u>(58)</u>
Fund balance - beginning	<u>22,587</u>	<u>22,434</u>	<u>22,509</u>	<u>75</u>
Fund balance - ending	<u>\$ 22,729</u>	<u>\$ 22,576</u>	<u>\$ 22,593</u>	<u>\$ 17</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Drake Note Fund
For the Year Ended December 31, 2010

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	<u>Budgeted Fund Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service:				
Redemption of general long-term debt	7,488	7,488	7,487	1
Interest and other debt service cost	10,476	10,476	10,476	-
Total expenditures	17,964	17,964	17,963	1
Excess (deficiency) of revenues				
over (under) expenditures	(17,964)	(17,964)	(17,963)	1
OTHER FINANCING SOURCES (USES)				
Transfers in	17,964	17,964	17,963	(1)
Total other financing sources (uses)	17,964	17,964	17,963	(1)
Net change in fund balances	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
PW Trust Fund Loan - Street Overlay Fund
For the Year Ended December 31, 2010

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	<u>Budgeted Fund Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service:				
Redemption of general long-term debt	157,935	157,935	157,935	-
Interest and other debt service cost	10,266	10,266	10,266	-
Total expenditures	168,201	168,201	168,201	-
Excess (deficiency) of revenues				
over (under) expenditures	(168,201)	(168,201)	(168,201)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	168,201	168,201	168,201	-
Total other financing sources (uses)	168,201	168,201	168,201	-
Net change in fund balances	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
LID Guaranty Fund
For the Year Ended December 31, 2010

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	<u>Budgeted Fund Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Investment income	\$ 8,383	\$ 8,383	\$ 7,298	\$ (1,085)
Miscellaneous revenues	-	-	291,060	291,060
Total revenues	<u>8,383</u>	<u>8,383</u>	<u>298,358</u>	<u>289,975</u>
EXPENDITURES				
Debt service:				
Interest and other debt service cost	-	-	32	(32)
Total expenditures	<u>-</u>	<u>-</u>	<u>32</u>	<u>(32)</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>8,383</u>	<u>8,383</u>	<u>298,326</u>	<u>289,943</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>8,383</u>	<u>8,383</u>	<u>298,326</u>	<u>289,943</u>
Fund balance - beginning	<u>278,358</u>	<u>366,210</u>	<u>420,605</u>	<u>54,395</u>
Fund balance - ending	<u>\$ 286,741</u>	<u>\$ 374,593</u>	<u>\$ 718,931</u>	<u>\$ 344,338</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
LID Assessment Fund
For the Year Ended December 31, 2010

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	<u>Budgeted Fund Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Investment income	\$ -	\$ -	\$ 3	\$ 3
Miscellaneous revenues	-	-	122,390	122,390
Total revenues	-	-	122,393	122,393
EXPENDITURES				
Debt service:				
Redemption of general long-term debt	-	-	80,000	(80,000)
Interest and other debt service cost	-	-	20,325	(20,325)
Total expenditures	-	-	100,325	(100,325)
Excess (deficiency) of revenues over (under) expenditures	-	-	22,068	22,068
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	22,068	22,068
Fund balance - beginning	-	-	61,195	61,195
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,263</u>	<u>\$ 83,263</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Debt Service Funds
For the Year Ended December 31, 2010

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	<u>Budgeted Fund Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Taxes	\$ 350,000	\$ 350,000	\$ 352,628	\$ 2,628
Investment income	12,088	12,088	11,643	(445)
Miscellaneous revenues	268,386	268,386	681,710	413,324
Total revenues	<u>630,474</u>	<u>630,474</u>	<u>1,045,981</u>	<u>415,507</u>
EXPENDITURES				
Debt service:				
Redemption of general long-term debt	1,420,423	1,420,423	1,500,422	(79,999)
Interest and other debt service cost	281,409	281,409	300,972	(19,563)
Total expenditures	<u>1,701,832</u>	<u>1,701,832</u>	<u>1,801,394</u>	<u>(99,562)</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>(1,071,358)</u>	<u>(1,071,358)</u>	<u>(755,413)</u>	<u>315,945</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,083,268	1,083,268	1,082,718	(550)
Total other financing sources (uses)	<u>1,083,268</u>	<u>1,083,268</u>	<u>1,082,718</u>	<u>(550)</u>
Net change in fund balances	11,910	11,910	327,305	315,395
Fund balance - beginning	385,931	471,982	587,924	115,942
Fund balance - ending	<u>\$ 397,841</u>	<u>\$ 483,892</u>	<u>\$ 915,229</u>	<u>\$ 431,337</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
2004 PFD/Civic Fld LTGO Bond
For the Year Ended December 31, 2010

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	<u>Budgeted Fund Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Intergovernmental revenue	\$ 605,036	\$ 605,036	\$ 186	\$ (604,850)
Investment income	-	-	394,776	394,776
Total revenues	<u>605,036</u>	<u>605,036</u>	<u>394,962</u>	<u>(210,074)</u>
EXPENDITURES				
Debt service:				
Redemption of general long-term debt	680,000	680,000	680,000	-
Interest and other debt service cost	<u>598,863</u>	<u>598,863</u>	<u>598,740</u>	<u>123</u>
Total expenditures	<u>1,278,863</u>	<u>1,278,863</u>	<u>1,278,740</u>	<u>123</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>(673,827)</u>	<u>(673,827)</u>	<u>(883,778)</u>	<u>(209,951)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	673,827	673,827	673,778	(49)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>673,827</u>	<u>673,827</u>	<u>673,778</u>	<u>(49)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(210,000)</u>	<u>(210,000)</u>
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prior period adjustments	<u>-</u>	<u>-</u>	<u>8,655,000</u>	<u>8,655,000</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,445,000</u>	<u>\$ 8,445,000</u>



PERMANENT FUNDS**701 – Greenways Maintenance Endowment**

Revenue is derived from the interest earnings on principal donations 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.

CITY OF BELLINGHAM
Combining Balance Sheet
Nonmajor Permanent Funds
For the Year Ended December 31, 2010

	Greenways Maintenance Endowment	Natural Resource Protection & Restoration	Totals
ASSETS			
Cash and cash equivalents	\$ 834,151	\$ 611,977	\$ 1,446,128
Investments	2,827,839	2,074,649	4,902,488
Receivables, net	10,568	-	10,568
Due from component units	-	1,800,000	1,800,000
Total assets	<u>3,672,558</u>	<u>4,486,626</u>	<u>8,159,184</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Other liabilities	-	1,717	1,717
Deferred revenue	10,568	-	10,568
Total liabilities	<u>10,568</u>	<u>1,717</u>	<u>12,285</u>
FUND BALANCES			
Reserved fund balance	3,458,448	4,000,000	7,458,448
Unreserved fund balance	203,542	484,909	688,451
Total fund balances	<u>3,661,990</u>	<u>4,484,909</u>	<u>8,146,899</u>
Total liabilities and fund balances	<u>\$ 3,672,558</u>	<u>\$ 4,486,626</u>	<u>\$ 8,159,184</u>

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the Year Ended December 31, 2010

	Greenways Maintenance Endowment	Natural Resource Protection & Restoration	Totals
REVENUES			
Taxes	\$ 381,819	\$ -	\$ 381,819
Investment income	56,647	126,103	182,750
Total revenues	<u>438,466</u>	<u>126,103</u>	<u>564,569</u>
EXPENDITURES			
Physical environment	-	172,722	172,722
Total expenditures	<u>-</u>	<u>172,722</u>	<u>172,722</u>
Excess (deficiency) of revenues over (under) expenditures	<u>438,466</u>	<u>(46,619)</u>	<u>391,847</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(179,418)	-	(179,418)
Total other financing sources (uses)	<u>(179,418)</u>	<u>-</u>	<u>(179,418)</u>
Net change in fund balances	259,048	(46,619)	212,429
Fund balance - beginning	<u>3,402,942</u>	<u>4,531,528</u>	<u>7,934,470</u>
Fund balance - ending	<u><u>\$ 3,661,990</u></u>	<u><u>\$ 4,484,909</u></u>	<u><u>\$ 8,146,899</u></u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Greenways Maintenance Endowment Fund
For the Year Ended December 31, 2010

Page 1 of 3

	<u>Budgeted Fund Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Taxes	\$ 363,600	\$ 363,600	\$ 381,819	\$ 18,219
Investment income	87,536	87,536	56,647	(30,889)
Total revenues	<u>451,136</u>	<u>451,136</u>	<u>438,466</u>	<u>(12,670)</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>451,136</u>	<u>451,136</u>	<u>438,466</u>	<u>(12,670)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(131,418)	(179,418)	(179,418)	-
Total other financing sources (uses)	<u>(131,418)</u>	<u>(179,418)</u>	<u>(179,418)</u>	<u>-</u>
Net change in fund balances	319,718	271,718	259,048	(12,670)
Fund balance - beginning	<u>3,392,065</u>	<u>3,391,702</u>	<u>3,402,942</u>	<u>11,240</u>
Fund balance - ending	<u>\$ 3,711,783</u>	<u>\$ 3,663,420</u>	<u>\$ 3,661,990</u>	<u>\$ (1,430)</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Natural Resource Protection and Restoration Fund
For the Year Ended December 31, 2010

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	<u>Budgeted Fund Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Investment income	\$ 159,097	\$ 159,097	\$ 126,103	\$ (32,994)
Total revenues	<u>159,097</u>	<u>159,097</u>	<u>126,103</u>	<u>(32,994)</u>
EXPENDITURES				
Physical environment	-	435,108	172,722	262,386
Total expenditures	<u>-</u>	<u>435,108</u>	<u>172,722</u>	<u>262,386</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>159,097</u>	<u>(276,011)</u>	<u>(46,619)</u>	<u>229,392</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>159,097</u>	<u>(276,011)</u>	<u>(46,619)</u>	<u>229,392</u>
Fund balance - beginning	<u>1,353,931</u>	<u>1,725,809</u>	<u>4,531,528</u>	<u>2,805,719</u>
Fund balance - ending	<u>\$ 1,513,028</u>	<u>\$ 1,449,798</u>	<u>\$ 4,484,909</u>	<u>\$ 3,035,111</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Nonmajor Permanent Funds
For the Year Ended December 31, 2010

Page 3 of 3

	<u>Budgeted Fund Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Taxes	\$ 363,600	\$ 363,600	\$ 381,819	\$ 18,219
Investment income	<u>246,633</u>	<u>246,633</u>	<u>182,750</u>	<u>(63,883)</u>
Total revenues	<u>610,233</u>	<u>610,233</u>	<u>564,569</u>	<u>(45,664)</u>
EXPENDITURES				
Physical environment	<u>-</u>	<u>435,108</u>	<u>172,722</u>	<u>262,386</u>
Total expenditures	<u>-</u>	<u>435,108</u>	<u>172,722</u>	<u>262,386</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>610,233</u>	<u>175,125</u>	<u>391,847</u>	<u>216,722</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(131,418)</u>	<u>(179,418)</u>	<u>(179,418)</u>	<u>-</u>
Total other financing sources (uses)	<u>(131,418)</u>	<u>(179,418)</u>	<u>(179,418)</u>	<u>-</u>
Net change in fund balances	<u>478,815</u>	<u>(4,293)</u>	<u>212,429</u>	<u>216,722</u>
Fund balance - beginning	<u>4,745,996</u>	<u>5,117,511</u>	<u>7,934,470</u>	<u>2,816,959</u>
Fund balance - ending	<u>\$ 5,224,811</u>	<u>\$ 5,113,218</u>	<u>\$ 8,146,899</u>	<u>\$ 3,033,681</u>

ENTERPRISE FUNDS**456 – Cemetery**

Operates and maintains Bayview Cemetery. Revenue is derived from the sale of lots, interment charges, sale of concrete boxes and interest. Perpetual care for upkeep of graves and cemetery property is funded from sale of gravesites. Pre-arrangement contracts on sales of interments and liners are also available. Established by Ordinance 2001-11-086.

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

475 – Development Services

Primary source of revenue is fees for inspection services. Ensures compliance with state and local codes. Established by Ordinance 10035. *Goal for ending fund balance is fifty percent of annual operating budget.*

CITY OF BELLINGHAM
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2010

	<u>Cemetery</u>	<u>Golf Course</u>	<u>Parking Services</u>	<u>Development Services</u>	<u>Totals</u>
ASSETS					
<i>Current assets:</i>					
Cash and cash equivalents	\$ 21,109	\$ 28,645	\$ 299,470	\$ 280,192	\$ 629,416
Investments	71,560	97,106	1,015,228	949,871	2,133,765
Receivables, net	1,678	6,090	86,086	6,080	99,934
Due from other funds	-	915	-	-	915
Total current assets	<u>94,347</u>	<u>132,756</u>	<u>1,400,784</u>	<u>1,236,143</u>	<u>2,864,030</u>
<i>Noncurrent assets:</i>					
Restricted cash and cash equivalents	94,080	-	7,667	-	101,747
Restricted investments	318,936	-	25,994	-	344,930
Capital assets, not being depreciated:					
Land	359,274	-	2,645,510	-	3,004,784
Capital assets, net of depreciation:					
Buildings	49,973	469,583	2,145,174	-	2,664,730
Improvements	14,503	230,802	442,436	69,960	757,701
Machinery and equipment	-	46,584	45,041	-	91,625
Total noncurrent assets	<u>836,766</u>	<u>746,969</u>	<u>5,311,822</u>	<u>69,960</u>	<u>6,965,517</u>
Total assets	<u>931,113</u>	<u>879,725</u>	<u>6,712,606</u>	<u>1,306,103</u>	<u>9,829,547</u>
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	7,098	45	18,383	23,152	48,678
Accrued wages and benefits	12,014	494	19,115	51,819	83,442
Due to other funds	915	-	-	-	915
Other current liabilities	150,482	14,883	25,655	774	191,794
<i>Current portion:</i>					
Bonds payable, net	-	-	125,000	-	125,000
Compensated absences	12,310	1,077	21,067	57,168	91,622
Total current liabilities	<u>182,819</u>	<u>16,499</u>	<u>209,220</u>	<u>132,913</u>	<u>541,451</u>
<i>Noncurrent liabilities:</i>					
Bonds payable, net	-	-	130,000	-	130,000
Compensated absences	536	246	6,431	9,731	16,944
Total noncurrent liabilities	<u>536</u>	<u>246</u>	<u>136,431</u>	<u>9,731</u>	<u>146,944</u>
Total liabilities	<u>183,355</u>	<u>16,745</u>	<u>345,651</u>	<u>142,644</u>	<u>688,395</u>
NET ASSETS					
Invested in capital assets, net of related debt	423,751	746,968	5,023,161	69,960	6,263,840
Restricted	263,224	-	33,634	-	296,858
Unrestricted	60,783	116,012	1,310,160	1,093,499	2,580,454
Total net assets	<u>\$ 747,758</u>	<u>\$ 862,980</u>	<u>\$ 6,366,955</u>	<u>\$ 1,163,459</u>	<u>\$ 9,141,152</u>

CITY OF BELLINGHAM
Combining Statement of Revenue, Expenses and Changes in Net Assets
Nonmajor Enterprise Funds
For the Year Ended December 31, 2010

	Cemetery	Golf Course	Parking Services	Development Services	Totals
Operating revenues:					
Customer sales and service fees	\$ 325,717	\$ -	\$ -	\$ 1,805,385	\$ 2,131,102
Rents, parking and concessions	-	189,477	2,338,849	-	2,528,326
Total operating revenues	<u>325,717</u>	<u>189,477</u>	<u>2,338,849</u>	<u>1,805,385</u>	<u>4,659,428</u>
Operating expenses:					
General operations	316,092	73,414	1,509,669	510,759	2,409,934
General administration	191,634	-	-	1,186,898	1,378,532
Administration:					
Depreciation	6,565	33,881	99,808	27,520	167,774
Taxes	3,809	-	2,121	-	5,930
Total operating expenses	<u>518,100</u>	<u>107,295</u>	<u>1,611,598</u>	<u>1,725,177</u>	<u>3,962,170</u>
Operating income (loss)	<u>(192,383)</u>	<u>82,182</u>	<u>727,251</u>	<u>80,208</u>	<u>697,258</u>
Nonoperating revenues (expenses):					
External operating subsidies	-	-	22,500	-	22,500
Investment interest	7,889	2,636	21,422	17,111	49,058
Net increase (decrease) in fair value of investments	(1,110)	(203)	(3,190)	(2,559)	(7,062)
Interest expense and related charges	-	(3,178)	(12,903)	-	(16,081)
Other non-operating revenues (expenses)	1,020	-	15,570	9,714	26,304
Total nonoperating revenues (expenses)	<u>7,799</u>	<u>(745)</u>	<u>43,399</u>	<u>24,266</u>	<u>74,719</u>
Income (loss) before transfers	<u>(184,584)</u>	<u>81,437</u>	<u>770,650</u>	<u>104,474</u>	<u>771,977</u>
Transfers in	221,480	-	-	-	221,480
Transfers out	-	-	(704,019)	-	(704,019)
Change in net assets	<u>36,896</u>	<u>81,437</u>	<u>66,631</u>	<u>104,474</u>	<u>289,438</u>
Total net assets - beginning	<u>710,862</u>	<u>781,543</u>	<u>6,300,324</u>	<u>1,058,985</u>	<u>8,851,714</u>
Total net assets - ending	<u>\$ 747,758</u>	<u>\$ 862,980</u>	<u>\$ 6,366,955</u>	<u>\$ 1,163,459</u>	<u>\$ 9,141,152</u>

CITY OF BELLINGHAM
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2010

	Cemetery	Golf Course	Parking Services	Development Services	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 320,205	\$ 189,477	\$ 2,385,927	\$ 1,818,123	\$ 4,713,732
Receipts from interfund services provided	-	(915)	-	-	(915)
Payments for wages and benefits	(298,916)	(11,113)	(423,697)	(1,273,578)	(2,007,304)
Payments for operating expenses	(205,821)	(62,828)	(1,128,914)	(414,758)	(1,812,321)
Other receipts (payments)	1,935	-	38,068	9,713	49,716
Net cash provided (used) by operating activities	<u>(182,597)</u>	<u>114,621</u>	<u>871,384</u>	<u>139,500</u>	<u>942,908</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	221,480	-	-	-	221,480
Transfers out	-	-	(704,019)	-	(704,019)
Payments for interest	-	(3,178)	-	-	(3,178)
Principal paid on interfund loans	-	(80,424)	-	-	(80,424)
Net cash provided (used) by noncapital financing activities	<u>221,480</u>	<u>(83,602)</u>	<u>(704,019)</u>	<u>-</u>	<u>(566,141)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payment on bonds	-	-	(120,000)	-	(120,000)
Payments for interest	-	-	(14,025)	-	(14,025)
Net cash provided (used) by capital financing activities	<u>-</u>	<u>-</u>	<u>(134,025)</u>	<u>-</u>	<u>(134,025)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturity of investments	382,225	76,942	1,076,679	894,527	2,430,373
Purchase of investments	(394,086)	(97,999)	(1,050,792)	(958,602)	(2,501,479)
Interest and dividends received	9,120	2,810	25,120	19,850	56,900
Net cash provided (used) in investment activities	<u>(2,741)</u>	<u>(18,247)</u>	<u>51,007</u>	<u>(44,225)</u>	<u>(14,206)</u>
Net increase (decrease) in cash and equivalents	36,142	12,772	84,347	95,275	228,536
Cash and cash equivalents - beginning of year	79,047	15,873	222,790	184,917	502,627
Cash and cash equivalents - end of year	<u>115,189</u>	<u>28,645</u>	<u>307,137</u>	<u>280,192</u>	<u>731,163</u>
Cash at end of year consists of					
Cash and cash equivalents	21,109	28,645	299,470	280,192	629,416
Restricted cash	94,080	-	7,667	-	101,747
Total cash at end of year	<u>\$ 115,189</u>	<u>\$ 28,645</u>	<u>\$ 307,137</u>	<u>\$ 280,192</u>	<u>\$ 731,163</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (192,383)	\$ 82,182	\$ 727,251	\$ 80,208	\$ 697,258
<i>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</i>					
Depreciation	6,566	33,881	99,808	27,520	167,775
Other non-operating receipts (expenses)	1,935	(915)	38,068	9,713	48,801
Change in assets and liabilities:					
(Increase) decrease in accounts receivable other	1,042	-	50,278	12,738	64,058
Increase (decrease) in accounts payable	3,080	(2,344)	(43,035)	(1,725)	(44,024)
Increase (decrease) in wages and benefits payable	3,337	1,817	3,135	11,259	19,548
Increase (decrease) in revenues collected in advance	(6,553)	-	(3,201)	-	(9,754)
Increase (decrease) in other current liabilities	-	-	(417)	-	(417)
Increase (decrease) in other fees and taxes	379	-	(503)	(213)	(337)
Net cash provided (used) by operating activities	<u>\$ (182,597)</u>	<u>\$ 114,621</u>	<u>\$ 871,384</u>	<u>\$ 139,500</u>	<u>\$ 942,908</u>
Non-cash investing, capital, and financing activities:					
Net change in fair value of investments	(1,110)	(203)	(3,190)	(2,559)	(7,062)



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. *Goal for ending fund balance fluctuates based on the replacement cycle.*

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 – Telecommunications

Purchases telecommunications equipment and recovers the costs from the user departments. Provides a source for centralized payment of telecommunication expenses. Excess funding is used for future acquisitions. Established by Ordinance 9747.

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. *Minimum goal for ending fund balance is \$5 million.*

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. Goal for ending fund balance is seventy five percent of budgeted annual claims payments to the state.*

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. *Goal for ending fund balance is twice the projected annual claims expense.*

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.

CITY OF BELLINGHAM
Combining Statement of Net Assets
Internal Service Funds
December 31, 2010

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	Fleet Administration	Purchasing Materials Management	Facilities Administration	Tele- Communications	Claims & Litigation
ASSETS					
<i>Current assets:</i>					
Cash and cash equivalents	\$ 1,500,423	\$ 235,672	\$ 171,808	\$ 80,833	\$ 992,721
Investments	5,086,553	798,949	582,443	274,031	3,365,402
Receivables, net	19,870	3,121	2,710	1,070	13,147
Inventories	-	604,286	-	-	-
Prepaid items	-	-	-	-	-
Total current assets	6,606,846	1,642,028	756,961	355,934	4,371,270
<i>Noncurrent assets:</i>					
Capital assets, not being depreciated:					
Land	-	-	40,102	-	-
Capital assets, net of depreciation:					
Buildings	-	-	1,666,921	-	-
Improvements	-	66,326	-	-	-
Machinery and equipment	10,968,982	-	-	466,780	-
Total noncurrent assets	10,968,982	66,326	1,707,023	466,780	-
Total assets	17,575,828	1,708,354	2,463,984	822,714	4,371,270
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	111,633	82,032	78,599	12,715	84,220
Accrued wages and benefits	33,163	28,518	49,673	-	6,520
Other current liabilities	-	-	1,400	-	-
<i>Current portion:</i>					
Compensated absences	40,854	42,603	59,468	-	8,774
Claims and judgements payable	-	-	-	-	1,700,000
Total current liabilities	185,650	153,153	189,140	12,715	1,799,514
<i>Noncurrent liabilities:</i>					
Compensated absences	15,606	18,160	7,876	-	6,390
Claims and judgements payable	-	-	-	-	1,000,789
Total noncurrent liabilities	15,606	18,160	7,876	-	1,007,179
Total liabilities	201,256	171,313	197,016	12,715	2,806,693
NET ASSETS					
Invested in capital assets, net of related debt	10,968,982	66,326	1,707,023	466,780	-
Unrestricted	6,405,590	1,470,715	559,945	343,219	1,564,577
Total net assets	\$ 17,374,572	\$ 1,537,041	\$ 2,266,968	\$ 809,999	\$ 1,564,577

CITY OF BELLINGHAM
Combining Statement of Net Assets
Internal Service Funds
December 31, 2010

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	Unemployment Compensation	Worker's Compensation Self-Insurance	Health Benefits	Totals
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 128,119	\$ 214,172	\$ 396,434	\$ 3,720,182
Investments	434,335	726,061	1,343,944	12,611,718
Receivables, net	1,697	2,836	5,250	49,701
Inventories	-	-	-	604,286
Prepaid items	-	30,098	11,000	41,098
Total current assets	<u>564,151</u>	<u>973,167</u>	<u>1,756,628</u>	<u>17,026,985</u>
<i>Noncurrent assets:</i>				
Capital assets, not being depreciated:				
Land	-	-	-	40,102
Capital assets, net of depreciation:				
Buildings	-	-	-	1,666,921
Improvements	-	-	-	66,326
Machinery and equipment	-	-	-	11,435,762
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,209,111</u>
Total assets	<u>564,151</u>	<u>973,167</u>	<u>1,756,628</u>	<u>30,236,096</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	54,073	35,776	4,905	463,953
Accrued wages and benefits	-	1,512	12,545	131,931
Other current liabilities	-	-	20,412	21,812
<i>Current portion:</i>				
Compensated absences	-	2,438	7,510	161,647
Claims and judgements payable	-	-	-	1,700,000
Total current liabilities	<u>54,073</u>	<u>39,726</u>	<u>45,372</u>	<u>2,479,343</u>
<i>Noncurrent liabilities:</i>				
Compensated absences	-	-	1,877	49,909
Claims and judgements payable	-	-	-	1,000,789
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>1,877</u>	<u>1,050,698</u>
Total liabilities	<u>54,073</u>	<u>39,726</u>	<u>47,249</u>	<u>3,530,041</u>
NET ASSETS				
Invested in capital assets, net of related debt	-	-	-	13,209,111
Unrestricted	510,078	933,441	1,709,379	13,496,944
Total net assets	<u>\$ 510,078</u>	<u>\$ 933,441</u>	<u>\$ 1,709,379</u>	<u>\$ 26,706,055</u>

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
For the Year Ended December 31, 2010

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	Fleet Administration	Purchasing Materials Management	Facilities Administration	Tele- Communications	Claims & Litigation
Operating revenues:					
Sales of merchandise	\$ -	\$ 2,094,243	\$ 1,913,747	\$ -	\$ -
Less: cost of goods sold	-	(1,027,073)	-	-	-
Charges for services	1,850,589	5,193	-	193,352	-
Insurance premium contributions	-	-	-	-	1,020,543
Other operating revenues	1,602,228	-	212,741	-	-
Total operating revenues	3,452,817	1,072,363	2,126,488	193,352	1,020,543
Operating expenses:					
General operations	1,786,106	980,134	2,148,859	365,830	-
General administration	-	-	-	-	714,353
Depreciation	1,279,991	33,164	77,911	169,738	-
Taxes	-	-	-	-	-
Risk transfer payment	-	-	-	-	472,782
Payments to claimants and beneficiaries	-	-	-	-	1,649,485
Total operating expenses	3,066,097	1,013,298	2,226,770	535,568	2,836,620
Operating income (loss)	386,720	59,065	(100,282)	(342,216)	(1,816,077)
Nonoperating revenues (expenses):					
Investment interest	99,161	13,630	10,947	5,508	70,078
Net increase (decrease) in fair value of investments	(13,493)	(1,669)	(1,819)	(1,414)	(11,066)
Gain (loss) on sale of capital assets	(152,322)	-	-	-	-
Other nonoperating revenues (expenses)	1,273	28,232	44,491	904	-
Total nonoperating revenues (expenses)	(65,381)	40,193	53,619	4,998	59,012
Income (loss) before transfers	321,339	99,258	(46,663)	(337,218)	(1,757,065)
Transfers in	11,237	-	-	-	-
Change in net assets	332,576	99,258	(46,663)	(337,218)	(1,757,065)
Total net assets - beginning	17,041,996	1,437,783	2,313,631	1,147,217	3,321,642
Total net assets - ending	\$ 17,374,572	\$ 1,537,041	\$ 2,266,968	\$ 809,999	\$ 1,564,577

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
For the Year Ended December 31, 2010

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	Unemployment Compensation	Worker's Compensation Self-Insurance	Health Benefits	Totals
Operating revenues:				
Sales of merchandise	\$ -	\$ -	\$ -	\$ 4,007,990
Less: cost of goods sold	-	-	-	(1,027,073)
Charges for services	-	-	-	2,049,134
Insurance premium contributions	144,478	639,185	10,809,877	12,614,083
Other operating revenues	-	-	-	1,814,969
Total operating revenues	<u>144,478</u>	<u>639,185</u>	<u>10,809,877</u>	<u>\$ 19,459,103</u>
Operating expenses:				
General operations	-	-	-	5,280,929
General administration	1,871	182,349	398,260	1,296,833
Depreciation	-	-	-	1,560,804
Taxes	-	-	700	700
Risk transfer payments	-	40,900	10,458,431	10,972,113
Payments to claimants and beneficiaries	239,665	218,146	169,121	2,276,417
Total operating expenses	<u>241,536</u>	<u>441,395</u>	<u>11,026,512</u>	<u>21,387,796</u>
Operating income (loss)	<u>(97,058)</u>	<u>197,790</u>	<u>(216,635)</u>	<u>(1,928,693)</u>
Nonoperating revenues (expenses):				
Investment interest	8,651	12,445	23,620	244,040
Net increase (decrease) in fair value of investments	(1,816)	(1,621)	(4,981)	(37,879)
Gain (loss) on sale of capital assets	-	-	-	(152,322)
Other nonoperating revenues (expenses)	-	-	8,343	83,243
Total nonoperating revenues (expenses)	<u>6,835</u>	<u>10,824</u>	<u>26,982</u>	<u>137,082</u>
Income (loss) before transfers	<u>(90,223)</u>	<u>208,614</u>	<u>(189,653)</u>	<u>(1,791,611)</u>
Transfers in	-	-	-	11,237
Change in net assets	<u>(90,223)</u>	<u>208,614</u>	<u>(189,653)</u>	<u>(1,780,374)</u>
Total net assets - beginning	<u>600,301</u>	<u>724,827</u>	<u>1,899,032</u>	<u>28,486,429</u>
Total net assets - ending	<u>\$ 510,078</u>	<u>\$ 933,441</u>	<u>\$ 1,709,379</u>	<u>\$ 26,706,055</u>

CITY OF BELLINGHAM
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2010

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	<u>Fleet Administration</u>	<u>Purchasing Materials Management</u>	<u>Facilities Administration</u>	<u>Tele- Communications</u>	<u>Claims & Litigation</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ -	\$ -	\$ 212,741	\$ 6,073	\$ -
Receipts from interfund services provided	3,452,817	2,099,436	1,913,747	187,279	1,020,543
Payments for merchandise	-	(908,055)	-	-	-
Payments for wages and benefits	(648,603)	(586,157)	(1,112,736)	(63,325)	(143,573)
Payments for operating expenses	(1,067,724)	(368,846)	(1,048,714)	(296,535)	(999,737)
Other receipts (payments)	1,273	25,848	44,106	904	-
Net cash provided (used) by operating activities	<u>1,737,763</u>	<u>262,226</u>	<u>9,144</u>	<u>(165,604)</u>	<u>(122,767)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Receipts from other governmental units	-	2,384	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>2,384</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(1,002,604)	-	-	-	-
Proceeds from the sale of capital assets	67,482	-	-	-	-
Net cash provided (used) by capital financing activities	<u>(935,122)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturity of investments	4,738,275	631,940	610,943	426,840	3,668,851
Purchase of investments	(5,133,306)	(806,292)	(587,796)	(276,550)	(3,396,335)
Interest and dividends received	113,434	15,054	13,080	7,526	83,412
Net cash provided (used) in investment activities	<u>(281,597)</u>	<u>(159,298)</u>	<u>36,227</u>	<u>157,816</u>	<u>355,928</u>
Net increase (decrease) in cash and equivalents	521,044	105,312	45,371	(7,788)	233,161
Cash and cash equivalents - beginning of year	979,379	130,360	126,437	88,621	759,560
Cash and cash equivalents - end of year	<u>1,500,423</u>	<u>235,672</u>	<u>171,808</u>	<u>80,833</u>	<u>992,721</u>
Cash at end of year consists of					
Cash and cash equivalents	1,500,423	235,672	171,808	80,833	992,721
Total cash at end of year	<u>\$ 1,500,423</u>	<u>\$ 235,672</u>	<u>\$ 171,808</u>	<u>\$ 80,833</u>	<u>\$ 992,721</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 386,720	\$ 59,065	\$ (100,282)	\$ (342,216)	\$ (1,816,077)
<i>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</i>					
Depreciation	1,279,991	33,163	77,911	169,738	-
Other non-operating receipts (expenses)	1,273	25,848	44,106	904	-
Change in assets and liabilities:					
(Increase) decrease in due from other governmental units	-	-	-	-	-
(Increase) decrease in inventory of supplies	-	119,020	-	-	-
Increase (decrease) in accounts payable	65,905	25,491	(12,083)	5,970	80,640
Increase (decrease) in wages and benefits payable	3,874	(361)	1,315	-	21,684
Increase (decrease) in revenues collected in advance	-	-	(1,823)	-	-
Increase (decrease) in other current liabilities	-	-	-	-	-
Increase (decrease) in other long-term liabilities	-	-	-	-	1,590,986
Net cash provided (used) by operating activities	<u>\$ 1,737,763</u>	<u>\$ 262,226</u>	<u>\$ 9,144</u>	<u>\$ (165,604)</u>	<u>\$ (122,767)</u>
Non-cash investing, capital, and financing activities:					
Net change in fair value of investments	(13,493)	(1,669)	(1,819)	(1,414)	(11,066)
Fleet donations	11,237	-	-	-	-

CITY OF BELLINGHAM
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2010

Page 2 of 2

	Unemployment Compensation	Worker's Compensation Self-Insurance	Health Benefits	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ -	\$ -	\$ -	\$ 218,814
Receipts from interfund services provided	144,478	639,185	10,809,877	20,267,362
Payments for merchandise	-	-	-	(908,055)
Payments for wages and benefits	-	(79,306)	(188,615)	(2,822,315)
Payments for operating expenses	(277,677)	(350,858)	(10,844,761)	(15,254,852)
Other receipts (payments)	-	-	8,343	80,474
Net cash provided (used) by operating activities	(133,199)	209,021	(215,156)	1,581,428
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Receipts from other governmental units	-	-	-	2,384
Net cash provided (used) by noncapital financing activities	-	-	-	2,384
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	-	-	-	(1,002,604)
Proceeds from the sale of capital assets	-	-	-	67,482
Net cash provided (used) by capital financing activities	-	-	-	(935,122)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturity of investments	570,309	600,096	1,605,302	12,852,556
Purchase of investments	(438,327)	(732,734)	(1,356,296)	(12,727,636)
Interest and dividends received	11,077	13,927	29,966	287,476
Net cash provided (used) in investment activities	143,059	(118,711)	278,972	412,396
Net increase (decrease) in cash and equivalents	9,860	90,310	63,816	1,061,086
Cash and cash equivalents - beginning of year	118,259	123,862	332,618	2,659,096
Cash and cash equivalents - end of year	128,119	214,172	396,434	3,720,182
Cash at end of year consists of				
Cash and cash equivalents	128,119	214,172	396,434	3,720,182
Total cash at end of year	\$ 128,119	\$ 214,172	\$ 396,434	\$ 3,720,182
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (97,058)	\$ 197,790	\$ (216,635)	\$ (1,928,693)
<i>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</i>				
Depreciation	-	-	-	1,560,803
Other non-operating receipts (expenses)	-	-	8,343	80,474
Change in assets and liabilities:				
(Increase) decrease in due from other governmental units	(90,215)	-	-	(90,215)
(Increase) decrease in inventory of supplies	-	-	-	119,020
Increase (decrease) in accounts payable	54,074	24,700	114	244,811
Increase (decrease) in wages and benefits payable	-	(13,469)	7,266	20,309
Increase (decrease) in revenues collected in advance	-	-	-	(1,823)
Increase (decrease) in other current liabilities	-	-	(14,244)	(14,244)
Increase (decrease) in other long-term liabilities	-	-	-	1,590,986
Net cash provided (used) by operating activities	\$ (133,199)	\$ 209,021	\$ (215,156)	\$ 1,581,428
Non-cash investing, capital, and financing activities:				
Net change in fair value of investments	(1,816)	(1,621)	(4,981)	(37,879)
Fleet donations	-	-	-	11,237



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.

CITY OF BELLINGHAM
Combining Statement of Net Assets
Pension Trust Funds
December 31, 2010

	Firefighters' Pension	Police Officers' Pension	Total Pension Funds
ASSETS			
Cash and cash equivalents	\$1,207,663	\$1,179,607	\$ 2,387,270
Governments securities	4,094,073	3,998,961	8,093,034
Receivables, net	68,292	15,622	83,914
Interfund loans receivable	1,896,826	-	1,896,826
Total assets	<u>7,266,854</u>	<u>5,194,190</u>	<u>12,461,044</u>
LIABILITIES			
Accounts payable	11,457	4,223	15,680
Accrued pension benefits	48,706	12,435	61,141
Other liabilities	52,299	-	52,299
Total liabilities	<u>112,462</u>	<u>16,658</u>	<u>129,120</u>
NET ASSETS			
Held in trust for pension and other post employment long-term care benefits	<u>\$ 7,154,392</u>	<u>\$ 5,177,532</u>	<u>\$ 12,331,924</u>

CITY OF BELLINGHAM
Combining Statement of Net Assets
Agency Funds
December 31, 2010

	<u>Guaranty Deposit</u>	<u>School Impact Fee</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ 362,495	\$ 1,860	\$ 364,355
Total assets	<u>362,495</u>	<u>1,860</u>	<u>364,355</u>
LIABILITIES			
Accounts payable	-	1,860	1,860
Due to other funds	3,492	-	3,492
Other liabilities	359,003	-	359,003
Total liabilities	<u>\$ 362,495</u>	<u>\$ 1,860</u>	<u>\$ 364,355</u>

CITY OF BELLINGHAM
Combining Statement of Changes in Plan Net Assets
Pension Trust Funds
For the Year Ended December 31, 2010

	Firefighters' Pension	Police Officers' Pension	Totals
ADDITIONS			
<i>Contributions:</i>			
Taxes	\$ 2,040,122	\$ -	\$ 2,040,122
Auction proceeds	-	9,681	9,681
Employer contributions	166,427	833,573	1,000,000
Total trust contributions	<u>2,206,549</u>	<u>843,254</u>	<u>3,049,803</u>
<i>Investment income:</i>			
Interest	149,245	80,638	229,883
Net incr (decr) in fair value of investments	(10,998)	(13,139)	(24,137)
Net investment income	138,247	67,499	205,746
Total additions	<u>2,344,796</u>	<u>910,753</u>	<u>3,255,549</u>
DEDUCTIONS			
Benefits	1,916,641	970,199	2,886,840
Administration expense	5,324	7,688	13,012
Total deductions	<u>1,921,965</u>	<u>977,887</u>	<u>2,899,852</u>
CHANGE IN NET ASSETS			
Pension Benefits	150,700	20,177	170,877
Long-term care benefits	272,131	(87,311)	184,820
Net assets pension benefits, January 1, 2010	5,290,253	3,114,046	8,404,299
Net assets long-term care benefits, January 1, 2010	1,441,308	2,130,620	3,571,928
Net assets pension benefits, December 31, 2010	<u>\$ 5,440,953</u>	<u>\$ 3,134,223</u>	<u>\$ 8,575,176</u>
Net assets long-term care benefits, December 31, 2010	<u>\$ 1,713,439</u>	<u>\$ 2,043,309</u>	<u>\$ 3,756,748</u>

CITY OF BELLINGHAM
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2010

	Balance December 31, 2009	Additions	Deductions	Balance December 31, 2010
GUARANTY DEPOSIT				
ASSETS				
Cash and cash equivalents	\$ 113,862	\$ 248,633	\$ -	\$ 362,495
Total assets	<u>113,862</u>	<u>248,633</u>	<u>-</u>	<u>362,495</u>
LIABILITIES				
Accounts payable	332	-	332	-
Due to other funds	-	3,492	-	3,492
Other Liabilities	113,530	245,473	-	359,003
Total liabilities	<u>\$ 113,862</u>	<u>\$ 248,965</u>	<u>\$ 332</u>	<u>\$ 362,495</u>
SCHOOL IMPACT FEE				
ASSETS				
Cash and cash equivalents	\$ 32,511	\$ -	\$ 30,651	\$ 1,860
Total assets	<u>32,511</u>	<u>-</u>	<u>30,651</u>	<u>1,860</u>
LIABILITIES				
Accounts payable	32,511	-	30,651	1,860
Other Liabilities	-	-	-	-
Total liabilities	<u>\$ 32,511</u>	<u>\$ -</u>	<u>\$ 30,651</u>	<u>\$ 1,860</u>
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 146,373	\$ 248,633	\$ 30,651	\$ 364,355
Total assets	<u>146,373</u>	<u>248,633</u>	<u>30,651</u>	<u>364,355</u>
LIABILITIES				
Accounts payable	32,843	-	30,983	1,860
Due to other funds	-	3,492	-	3,492
Other Liabilities	113,530	245,473	-	359,003
Total liabilities	<u>\$ 146,373</u>	<u>\$ 248,965</u>	<u>\$ 30,983</u>	<u>\$ 364,355</u>



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 —————	7-2
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity —————	7-9
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity —————	7-13
<i>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.</i>	
Demographic and Economic Information —————	7-18
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information —————	7-21
<i>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.</i>	

Data Source:

Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial report for the applicable year. The City implemented GASB Statement No. 34 in fiscal year 2002, therefore tables presenting government-wide financial data include only eight years of information.

Schedule 1
Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
<i>Governmental activities</i>									
Invested in capital assets, net of related debt	\$ 129,113,187	\$ 141,437,663	\$ 192,350,431	\$ 200,189,756	\$ 220,101,614	\$ 251,023,811	\$ 275,562,771	\$ 294,335,598	\$ 314,661,962
Restricted	28,574,403	31,364,685	42,746,769	49,900,468	43,251,138	43,371,259	42,022,692	36,300,224	48,968,976
Unrestricted	<u>34,399,939</u>	<u>41,082,736</u>	<u>44,904,378</u>	<u>49,526,184</u>	<u>56,458,719</u>	<u>57,555,947</u>	<u>55,239,874</u>	<u>46,656,052</u>	<u>26,636,479</u>
Total governmental activities net assets	<u>192,087,529</u>	<u>213,885,084</u>	<u>280,001,578</u>	<u>299,616,408</u>	<u>319,811,471</u>	<u>351,951,017</u>	<u>372,825,337</u>	<u>377,291,874</u>	<u>390,267,417</u>
<i>Business-type activities</i>									
Invested in capital assets, net of related debt	126,901,880	139,147,818	160,449,099	158,377,192	162,349,648	180,824,082	184,549,549	192,943,450	200,721,924
Restricted	3,120,822	3,120,823	1,833,500	6,351,590	12,465,769	10,378,265	20,483,281	13,055,191	12,337,425
Unrestricted	<u>41,968,152</u>	<u>39,755,405</u>	<u>26,859,475</u>	<u>27,255,759</u>	<u>24,743,675</u>	<u>20,744,147</u>	<u>16,807,591</u>	<u>14,771,564</u>	<u>7,104,917</u>
Total business-type activities net assets	<u>171,990,854</u>	<u>182,024,046</u>	<u>189,142,074</u>	<u>191,984,541</u>	<u>199,559,092</u>	<u>211,946,494</u>	<u>221,840,421</u>	<u>220,770,205</u>	<u>220,164,266</u>
<i>Primary government</i>									
Invested in capital assets, net of related debt	256,015,067	280,585,481	352,799,530	358,566,948	382,451,262	431,847,893	460,112,320	487,279,048	515,383,886
Restricted	31,695,225	34,485,508	44,580,269	56,252,058	55,716,907	53,749,524	62,505,973	49,355,415	61,306,401
Unrestricted	<u>76,368,091</u>	<u>80,838,141</u>	<u>71,763,853</u>	<u>76,781,943</u>	<u>81,202,394</u>	<u>78,300,094</u>	<u>72,047,465</u>	<u>61,427,616</u>	<u>33,741,396</u>
Total primary government net assets	<u>\$ 364,078,383</u>	<u>\$ 395,909,130</u>	<u>\$ 469,143,652</u>	<u>\$ 491,600,949</u>	<u>\$ 519,370,563</u>	<u>\$ 563,897,511</u>	<u>\$ 594,665,758</u>	<u>\$ 598,062,079</u>	<u>\$ 610,431,683</u>

Note: Beginning in year 2007 the Public Facilities District (PFD) is separately reported as a Discrete Component Unit. This accounting reorganization resulted in a change in net assets of \$13.6 million between 2006 and 2007.

Schedule 2
Change in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

Page 1 of 3

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses									
General government	\$ 13,279,680	\$ 14,159,375	\$ 10,915,142	\$ 11,089,032	\$ 13,866,795	\$ 14,284,854	\$ 15,976,149	\$ 15,385,834	\$ 15,074,279
Public safety	25,878,696	26,756,344	27,416,212	29,418,316	30,176,940	35,049,105	37,993,287	36,977,859	37,219,216
Physical environment	3,682,285	3,899,521	4,457,323	3,750,150	4,231,976	4,910,829	6,557,780	6,920,500	5,053,666
Transportation	7,929,942	7,543,476	7,841,862	8,643,230	8,895,051	9,335,399	9,853,604	10,571,685	10,669,612
Economic environment	4,349,341	3,678,977	4,053,125	4,015,164	5,358,832	5,645,655	5,495,025	6,015,965	24,403,155
Mental and physical health	42,027	75,786	52,182	60,093	60,093	45,929	77,346	47,087	77,989
Culture and recreation	11,298,862	11,574,675	12,139,503	12,654,783	13,868,673	13,477,767	15,719,617	15,949,086	24,151,314
Redemption of general long-term debt	-	1,289,390	-	-	-	-	-	-	-
Interest and other debt service costs	<u>1,318,036</u>	<u>893,334</u>	<u>1,268,721</u>	<u>1,454,831</u>	<u>1,302,372</u>	<u>1,192,772</u>	<u>1,146,323</u>	<u>1,076,982</u>	<u>957,318</u>
Total governmental activities expenses	<u>67,778,869</u>	<u>69,870,878</u>	<u>68,144,070</u>	<u>71,085,599</u>	<u>77,760,732</u>	<u>83,942,310</u>	<u>92,819,131</u>	<u>92,944,998</u>	<u>117,606,549</u>
Business-type activities									
Water	10,174,867	10,793,928	11,108,784	10,872,803	12,475,713	13,141,474	14,190,176	15,130,789	14,684,026
Wastewater	10,596,498	10,412,085	10,668,320	11,524,801	12,748,773	13,418,966	14,394,572	15,354,650	14,896,450
Surface and stormwater	-	-	-	3,740,021	3,964,093	4,121,268	4,565,706	4,769,300	5,109,870
Solid waste	-	-	-	5,452,417	1,741,750	1,865,236	985,055	5,439,399	7,697,454
Cemetery	-	-	-	492,307	540,511	634,208	612,882	590,617	518,100
Golf course	-	-	-	760,381	736,496	741,103	150,966	127,981	110,473
Parking	-	-	-	875,404	1,094,941	984,043	1,196,683	1,541,680	1,624,501
Medic one	6,572,659	6,921,739	6,799,473	6,831,349	7,878,728	8,657,338	9,044,577	7,681,681	7,673,790
Development services	-	-	-	2,609,138	2,747,268	2,574,241	2,888,843	1,926,678	1,725,177
Other business-type activities	<u>7,586,832</u>	<u>7,694,819</u>	<u>9,543,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities expenses	<u>34,930,856</u>	<u>35,822,571</u>	<u>38,120,260</u>	<u>43,158,621</u>	<u>43,928,273</u>	<u>46,137,877</u>	<u>48,029,460</u>	<u>52,562,775</u>	<u>54,039,841</u>
Total primary government expenses	<u>\$ 102,709,725</u>	<u>\$ 105,693,449</u>	<u>\$ 106,264,330</u>	<u>\$ 114,244,220</u>	<u>\$ 121,689,005</u>	<u>\$ 130,080,187</u>	<u>\$ 140,848,591</u>	<u>\$ 145,507,773</u>	<u>\$ 171,646,390</u>

Schedule 2
Change in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

Page 2 of 3

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Program Revenues									
Charges for services:									
General government	\$ 9,339,003	\$ 5,893,041	\$ 5,090,982	\$ 6,978,664	\$ 7,378,154	\$ 8,214,128	\$ 7,629,530	\$ 1,846,028	\$ 7,971,785
Public safety	5,582,699	5,859,182	4,137,835	4,832,625	4,716,786	5,536,189	4,652,808	5,031,673	3,649,014
Physical environment	2,783,772	3,094,960	2,609,588	2,797,346	2,908,572	2,865,241	3,332,454	3,456,750	3,306,542
Transportation	1,904,121	959,312	455,452	437,267	820,489	982,665	780,990	1,575,309	2,969,540
Economic environment	790,480	826,452	1,229,828	1,252,248	1,576,664	1,340,234	1,031,818	1,608,883	-
Culture and recreation	1,255,841	1,306,930	2,411,547	4,015,913	1,579,059	1,658,473	2,957,313	3,368,716	3,492,695
Redemption of general long-term debt	68,976	74,241	-	-	-	-	-	-	-
Operating grants and contributions	8,399,993	11,890,791	5,870,274	3,902,310	4,365,394	3,493,504	4,654,983	6,194,611	6,835,919
Capital grants and contributions	<u>7,002,295</u>	<u>4,019,672</u>	<u>4,849,861</u>	<u>5,198,298</u>	<u>8,240,714</u>	<u>11,137,427</u>	<u>8,277,317</u>	<u>9,921,191</u>	<u>19,831,012</u>
Total governmental activities program revenues	<u>37,127,180</u>	<u>33,924,581</u>	<u>26,655,367</u>	<u>29,414,671</u>	<u>31,585,832</u>	<u>35,227,861</u>	<u>33,317,213</u>	<u>33,003,161</u>	<u>48,056,507</u>
Business-type activities									
Charges for services:									
Water	12,182,880	11,635,263	11,522,506	12,662,209	13,715,124	14,426,124	14,906,201	15,252,014	16,632,474
Wastewater	12,565,788	12,990,049	14,593,476	14,007,723	14,327,011	15,269,074	17,076,027	15,809,211	16,529,749
Surface and stormwater	-	-	-	3,997,067	4,426,473	4,884,658	4,950,172	4,743,490	4,832,097
Solid waste	-	-	-	197,220	830,445	308,130	233,471	211,874	196,329
Cemetery	-	-	-	286,095	305,660	366,050	346,156	244,710	326,436
Golf course	-	-	-	755,881	757,042	729,949	184,297	189,999	189,477
Parking	-	-	-	969,013	1,106,119	2,375,143	2,285,357	2,351,599	2,377,394
Medic one	4,176,400	4,312,241	5,559,733	5,859,978	5,944,914	7,291,514	8,024,156	6,574,164	6,397,643
Development services	-	-	-	2,622,009	2,644,051	2,866,133	2,360,011	2,208,015	1,815,099
Other business-type activities	6,013,345	6,874,452	7,653,881	-	-	-	-	-	-
Operating grants and contributions	5,891,297	7,829,401	379,224	599,117	49,406	45,593	6,607	3,919	62,035
Capital grants and contributions	<u>28,645</u>	<u>34,295</u>	<u>102,041</u>	<u>344,615</u>	<u>3,426,595</u>	<u>1,762,313</u>	<u>2,368,644</u>	<u>1,844,551</u>	<u>1,437,283</u>
Total business-type activities revenues	<u>40,858,355</u>	<u>43,675,701</u>	<u>39,810,861</u>	<u>42,300,927</u>	<u>47,532,840</u>	<u>50,324,681</u>	<u>52,741,099</u>	<u>49,433,546</u>	<u>50,796,016</u>
Total primary government program revenues	<u>\$ 77,985,535</u>	<u>\$ 77,600,282</u>	<u>\$ 66,466,228</u>	<u>\$ 71,715,598</u>	<u>\$ 79,118,672</u>	<u>\$ 85,552,542</u>	<u>\$ 86,058,312</u>	<u>\$ 82,436,707</u>	<u>\$ 98,852,523</u>
Net (Expense) Revenue									
Governmental activities	\$ (30,651,689)	\$ (35,946,297)	\$ (41,488,703)	\$ (41,670,928)	\$ (46,174,900)	\$ (48,714,449)	\$ (59,501,918)	\$ (59,941,837)	\$ (69,550,042)
Business-type activities	<u>5,927,499</u>	<u>7,853,130</u>	<u>1,690,601</u>	<u>(857,694)</u>	<u>3,604,567</u>	<u>4,186,804</u>	<u>4,711,639</u>	<u>(3,129,229)</u>	<u>(3,243,825)</u>
Total primary government net expense	<u>\$ (24,724,190)</u>	<u>\$ (28,093,167)</u>	<u>\$ (39,798,102)</u>	<u>\$ (42,528,622)</u>	<u>\$ (42,570,333)</u>	<u>\$ (44,527,645)</u>	<u>\$ (54,790,279)</u>	<u>\$ (63,071,066)</u>	<u>\$ (72,793,867)</u>

Note: Economic Environment does not have revenue in 2010 because of a change in accounting procedure with deferred revenue. See Note V-J.

Schedule 2
Change in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

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	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Revenues and Other Changes in Net Assets									
Taxes									
Property taxes	\$ 13,047,167	\$ 12,461,078	\$ 12,819,530	\$ 12,744,306	\$ 13,092,773	\$ 15,905,123	\$ 16,560,804	\$ 16,683,534	\$ 16,998,700
Retail sales and use taxes	15,788,358	17,672,260	18,781,686	19,974,866	22,136,372	21,854,574	21,603,021	18,763,691	19,297,747
Interfund taxes	2,338,504	3,042,009	3,066,935	3,355,251	3,563,139	3,763,959	4,022,074	3,894,999	4,136,250
Business taxes	14,520,375	15,480,065	16,098,324	17,628,056	19,220,883	20,972,718	21,208,125	20,817,581	19,365,332
Other taxes	2,681,476	3,450,518	4,099,398	4,534,052	4,522,487	4,085,034	3,330,446	2,912,563	2,559,299
Interest and investment earnings	2,631,032	1,140,764	1,022,486	2,160,842	3,878,646	4,776,518	4,274,577	1,436,128	1,551,747
Miscellaneous sources (uses)	-	(28,372)	432,842	-	-	7,207,497	1,140,391	119,800	12,010
Contributions	-	1,426,561	6,724,498	1,489,229	-	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	(278,942)	-	-	-	-	-
Transfers	(1,817,743)	(1,274,489)	(1,216,211)	(321,902)	(44,337)	(202,204)	(480,030)	(219,922)	(687,592)
Total governmental activities	49,189,169	53,370,394	61,829,488	61,285,758	66,369,963	78,363,219	71,659,408	64,408,374	63,233,493
<i>Business-type activities</i>									
Retail sales and use taxes	-	-	-	-	350,465	595,633	-	-	-
Interfund taxes	552,520	-	-	-	-	-	-	-	-
Business taxes	-	-	-	883,843	1,163,203	1,256,117	1,271,585	1,186,561	1,352,583
Other taxes	-	-	618,431	-	-	-	-	-	-
Interest and investment earnings	(103)	924,446	569,838	1,125,536	2,075,081	2,709,735	2,843,893	783,800	597,811
Miscellaneous sources (uses)	-	-	64,663	-	-	1,000,000	-	-	-
Contributions	-	-	2,959,208	1,348,323	-	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	20,557	336,898	34,734	586,780	(3,767)	(100)
Transfers	1,817,743	1,274,489	1,216,211	321,902	44,337	202,204	480,030	219,922	687,592
Total business-type activities	2,370,160	2,198,935	5,428,351	3,700,161	3,969,984	5,798,423	5,182,288	2,186,516	2,637,886
Total primary government	\$ 51,559,329	\$ 55,569,329	\$ 67,257,839	\$ 64,985,919	\$ 70,339,947	\$ 84,161,642	\$ 76,841,696	\$ 66,594,890	\$ 65,871,379
Change in Net Assets									
Governmental activities	\$ 18,537,480	\$ 17,424,097	\$ 20,340,785	\$ 19,614,830	\$ 20,195,063	\$ 29,648,770	\$ 12,157,490	\$ 4,466,537	\$ (6,316,549)
Business-type activities	8,297,659	10,052,065	7,118,952	2,842,467	7,574,551	9,985,227	9,893,927	(942,713)	(605,939)
Prior period adjustments	13,410,711	4,354,585	45,774,785	-	-	18,452,702	8,716,830	(127,503)	19,292,092
Total primary government	\$ 40,245,850	\$ 31,830,747	\$ 73,234,522	\$ 22,457,297	\$ 27,769,614	\$ 58,086,699	\$ 30,768,247	\$ 3,396,321	\$ 12,369,604

Note: Years 2002-2004 have not been restated; all the business-type funds that were not individually stated are combined under "Other business-type activities".

Beginning in year 2007 the Public Facilities District (PFD) is separately reported as a Discrete Component Unit accounting for a change in net assets of \$13,559,751 between 2006 and 2007.

Schedule 3
Fund Balances, Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund									
Reserved	\$ 35,300	\$ 36,500	\$ 36,100	\$ 1,682	\$ 1,637,368	\$ 1,453,257	\$ 1,261,782	\$ 1,062,649	\$ 855,551
Unreserved	<u>4,961,070</u>	<u>6,966,500</u>	<u>7,460,685</u>	<u>10,438,803</u>	<u>12,573,654</u>	<u>24,242,434</u>	<u>14,489,331</u>	<u>12,787,288</u>	<u>12,549,757</u>
Total general fund	<u>\$ 4,996,370</u>	<u>\$ 7,003,000</u>	<u>\$ 7,496,785</u>	<u>\$ 10,440,485</u>	<u>\$ 14,211,022</u>	<u>\$ 25,695,691</u>	<u>\$ 15,751,113</u>	<u>\$ 13,849,937</u>	<u>\$ 13,405,308</u>
All Other Governmental Funds									
Reserved, reported in:									
Special revenue funds	\$ 1,000	\$ 1,100	\$ 1,100	\$ 1,000	\$ 1,000	\$ 1,000	\$ 2,000	\$ 2,000	\$ 11,447,677
Debt service funds	2,683,498	1,693,163	1,025,176	816,143	758,584	475,591	496,110	587,923	9,360,229
Permanent funds	-	-	-	2,450,000	5,982,770	6,372,896	6,673,126	7,076,747	7,458,448
Unreserved, reported in:									
Special revenue funds	21,340,970	24,806,318	34,111,990	41,122,938	40,125,731	40,496,481	37,748,500	30,188,799	31,602,827
Capital project funds	828,094	882,048	6,233,094	7,289,560	1,771,842	828,930	139,972	-	-
Permanent funds	<u>1,179,410</u>	<u>5,454,080</u>	<u>5,802,554</u>	<u>3,641,024</u>	<u>523,616</u>	<u>747,704</u>	<u>757,342</u>	<u>857,725</u>	<u>688,451</u>
Total all other governmental funds	<u>\$ 26,032,972</u>	<u>\$ 32,836,709</u>	<u>\$ 47,173,914</u>	<u>\$ 55,320,665</u>	<u>\$ 49,163,543</u>	<u>\$ 48,922,602</u>	<u>\$ 45,817,050</u>	<u>\$ 38,713,194</u>	<u>\$ 60,557,632</u>
Total Governmental Funds	<u>\$ 31,029,342</u>	<u>\$ 39,839,709</u>	<u>\$ 54,670,699</u>	<u>\$ 65,761,150</u>	<u>\$ 63,374,565</u>	<u>\$ 74,618,293</u>	<u>\$ 61,568,163</u>	<u>\$ 52,563,131</u>	<u>\$ 73,962,940</u>

Note: The special revenue fund "General Reserve" was moved to the General Fund in 2003. 2002 has been restated moving "General Reserve" into the General Fund. In 2007 the Public Facilities District (PFD) began reporting separately as a Discrete Component Unit accounting for a change in fund balance of \$4,761,339 between 2006 and 2007.

Schedule 4
Changes in Fund Balances, Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

Revenues	2002	2003	2004	2005	2006	2007	2008	2009	2010
Taxes (see schedule 5)	\$ 47,853,452	\$ 52,114,673	\$ 54,939,484	\$ 58,334,861	\$ 62,517,853	\$ 66,477,096	\$ 66,787,714	\$ 63,051,228	\$ 62,306,696
Licenses and Permits	561,444	664,696	686,053	748,160	839,561	917,718	962,989	966,937	1,070,280
Intergovernmental revenue	10,842,978	7,505,414	10,701,346	9,352,256	10,839,504	11,980,989	12,338,995	17,625,391	17,238,533
Charges for services	15,296,397	15,954,548	12,796,330	13,635,249	15,282,851	18,728,092	15,205,392	15,971,339	16,269,473
Fines and forfeits	1,506,190	1,435,403	1,505,718	1,531,297	1,757,922	1,153,695	1,136,335	1,245,620	1,219,571
Investment income	-	-	-	-	-	-	-	1,416,710	1,496,734
Miscellaneous revenues	4,627,262	8,134,498	3,065,575	5,835,324	5,390,953	13,121,564	6,393,108	1,520,850	2,144,314
Total revenues	80,687,723	85,809,232	83,694,506	89,437,147	96,628,644	112,379,154	102,824,533	101,798,075	101,745,601
Expenditures									
General government services	13,254,849	14,333,409	11,013,084	11,299,397	14,188,145	14,081,146	16,141,149	15,507,332	15,167,326
Public safety	25,161,649	27,028,326	26,995,761	29,226,910	31,616,600	33,044,238	37,662,623	36,575,103	36,378,223
Physical environment	3,855,560	4,068,251	4,119,080	4,013,739	4,374,785	4,938,868	6,752,365	7,391,028	5,390,396
Transportation	4,190,479	4,166,516	4,297,507	4,963,151	4,975,443	5,234,218	5,904,387	5,767,047	5,541,435
Economic environment	4,362,288	3,762,357	4,140,276	4,066,829	5,494,392	4,976,102	5,398,503	5,939,617	4,715,403
Mental and physical health	42,027	70,045	57,529	60,093	60,093	45,929	77,346	47,087	77,989
Cultural and recreation	10,754,115	11,117,728	11,346,889	11,825,657	12,896,367	12,880,007	14,727,561	15,015,039	13,668,315
Debt service:									
Redemption of general long-term debt	3,048,816	2,479,390	2,816,311	2,611,031	2,633,025	2,519,893	2,664,430	2,219,918	2,180,422
Interest and other debt service cost	1,124,505	962,322	1,217,242	1,479,864	1,316,975	1,207,355	1,162,285	1,091,742	972,391
Capital outlay	17,415,248	10,273,780	22,535,717	8,728,506	21,129,218	15,820,342	23,252,908	20,521,065	14,859,164
Total expenditures	83,209,536	78,262,124	88,539,396	78,275,177	98,685,043	94,748,098	113,743,557	110,074,978	98,951,064
Excess (deficiency) of revenues over (under) expenditures	(2,521,813)	7,547,108	(4,844,890)	11,161,970	(2,056,399)	17,631,056	(10,919,024)	(8,276,903)	2,794,537
Other Financing Sources (Uses)									
General long-term debt	1,487,500	1,190,000	148,750	148,750	-	-	-	-	-
Current refunding of long-term debt	-	-	(970,000)	-	-	-	-	-	-
Interest and other debt service costs	-	-	(6,447)	-	-	-	-	-	-
Bond issue	-	-	20,690,000	-	-	-	-	-	-
Premium on bonds	-	-	425,314	-	-	-	-	-	-
Gain (loss) on sale of capital assets	174,360	-	1,021,934	1	-	-	-	-	-
Insurance recoveries	-	-	-	-	-	-	1,008,046	119,800	12,010
Transfers in	4,222,531	8,715,789	4,297,917	5,588,838	9,896,036	4,901,560	3,549,291	3,203,500	3,507,589
Transfers out	(5,849,273)	(8,642,530)	(5,934,020)	(5,809,108)	(10,226,222)	(6,527,547)	(6,688,446)	(4,051,436)	(4,206,417)
Total other financing sources and (uses)	35,118	1,263,259	19,673,448	(71,519)	(330,186)	(1,625,987)	(2,131,109)	(728,136)	(686,818)
Net change in fund balances	\$ (2,486,695)	\$ 8,810,367	\$ 14,830,990	\$ 11,090,451	\$ (2,386,585)	\$ 16,005,069	\$ (13,050,133)	\$ (9,005,039)	\$ 2,107,719
Debt service as a percentage of non-capital expenditures	6.3%	5.1%	6.1%	5.9%	5.1%	4.7%	4.2%	3.7%	3.7%

Note: In 2007 the Public Facilities District (PFD) began reporting separately as a Discrete Component Unit accounting for a change in fund balance of \$4,761,339 between 2006 and 2007. In 2009 investment Income revenue was moved from miscellaneous revenue and placed into its own category.

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

Fiscal year	Property	Sales & use	Utility	Business & occupation	Real estate excise	Other	Total
2000	\$ 11,003,647	\$ 14,358,070	\$ 9,105,316	\$ 7,717,644	\$ 1,767,133	\$ 589,432	\$ 44,541,242
2002	12,510,081	15,788,357	8,811,567	8,098,187	1,997,630	647,630	47,853,452
2003	12,457,296	17,672,260	9,239,961	9,341,033	2,857,688	546,435	52,114,673
2004	12,892,161	18,781,687	9,648,372	9,567,347	3,471,146	578,771	54,939,484
2005	12,841,875	19,974,866	10,187,887	10,878,402	3,828,078	623,753	58,334,861
2006	13,074,970	22,136,373	11,139,916	11,701,244	3,858,362	606,988	62,517,853
2007	15,800,811	21,854,573	12,122,000	12,666,213	3,419,608	613,891	66,477,096
2008	16,620,768	21,603,021	12,795,235	12,586,101	2,540,771	641,818	66,787,714
2009	16,417,702	18,763,691	13,517,785	11,563,715	1,878,291	910,044	63,051,228
2010	\$ 16,943,851	\$ 19,297,746	\$ 12,724,828	\$ 10,828,748	\$ 1,707,980	\$ 803,543	\$ 62,306,696
Change 2000-2010	53.98%	34.40%	39.75%	40.31%	-3.35%	36.32%	39.89%

Schedule 6
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal year	Real property	Personal property	Total all property	Total direct tax rate
2001	\$ -	\$ -	\$ 4,154,459,646	3.13236
2002	-	-	4,488,602,150	3.02195
2003	-	-	4,598,293,447	2.92713
2004	-	-	4,683,841,660	2.96765
2005	-	-	5,348,485,164	2.62756
2006	6,229,382,888	405,622,601	6,635,005,489	2.20442
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

Source: Whatcom County Assessor's Office.

Note: The breakdown of real and personal property values are not available prior to 2006.

Schedule 7
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(per \$1,000 of assessed value)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
City of Bellingham										
General fund	2.16053	2.09114	2.09193	2.12921	2.04020	1.68297	1.68677	1.70899	1.49912	1.45770
What RDA LIFT	-	-	-	-	-	-	-	0.00018	0.00021	0.00018
Fire pension	<u>0.22500</u>	<u>0.22500</u>	<u>0.22500</u>	<u>0.22500</u>	<u>0.22500</u>	<u>0.22500</u>	<u>0.22500</u>	<u>0.22500</u>	<u>0.22500</u>	<u>0.22500</u>
Sub-total nonvoted levy	2.38553	2.31614	2.31693	2.35421	2.26520	1.90797	1.91177	1.93417	1.72433	1.68288
Voted greenways	<u>0.57000</u>	<u>0.57000</u>	<u>0.57000</u>	<u>0.57000</u>	<u>0.29748</u>	<u>0.24761</u>	<u>0.57000</u>	<u>0.57493</u>	<u>0.51163</u>	<u>0.49651</u>
Total regular levy	2.95553	2.88614	2.88693	2.92421	2.56268	2.15558	2.48177	2.50910	2.23596	2.17939
Voted excess levies	<u>0.17683</u>	<u>0.13581</u>	<u>0.04020</u>	<u>0.04344</u>	<u>0.06488</u>	<u>0.04884</u>	<u>0.05486</u>	<u>0.05197</u>	<u>0.04516</u>	<u>0.04178</u>
Total City of Bellingham levy	3.13236	3.02195	2.92713	2.96765	2.62756	2.20442	2.53663	2.56107	2.28112	2.22117
Overlapping districts										
State schools	3.27641	3.14299	3.11238	3.15695	3.21948	2.97937	2.69846	2.42701	2.21902	2.19787
County levy	1.49770	1.47041	1.45274	1.55023	1.46589	1.32537	1.14785	1.08884	1.01676	1.02054
Conservation futures	0.06250	0.06136	0.06062	0.06022	0.05694	0.05148	0.04453	0.04229	0.03949	0.01714
Flood control	-	-	-	0.19370	0.18345	0.16582	0.14354	0.13625	0.16598	0.16299
Port of Bellingham	0.39634	0.39012	0.38575	0.38320	0.38258	0.38320	0.34220	0.32465	0.30593	0.29601
Bellingham School District	<u>3.91471</u>	<u>3.72605</u>	<u>3.83237</u>	<u>3.79208</u>	<u>3.45964</u>	<u>2.97790</u>	<u>3.27693</u>	<u>3.26299</u>	<u>2.98677</u>	<u>3.02022</u>
Total City & overlapping levy	12.28002	11.81288	11.77099	12.10403	11.39554	10.08756	10.19014	9.84310	9.01507	8.93594

Source: Whatcom County Assessor's Office.

Note: A portion of the City of Bellingham lies within the Meridian School District. The 2010 levy rate for Meridian is 2.51667.

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

Taxpayer	2010			2001		
	Taxable assessed value	Rank	Percentage of total city taxable assessed value	Taxable assessed value	Rank	Percentage of total city taxable assessed value
Puget Sound Energy	198,564,442	1	2.31%	-	-	-
Bellis Fair Partners	44,442,519	2	0.52%	35,993,260	2	0.87%
Qwest Corporation	40,862,708	3	0.48%	-	-	-
PKII Sunset Square LLC	36,600,480	4	0.43%	-	-	-
Cascade Natural Gas	33,695,738	5	0.39%	-	-	-
Talbot Real Estate	25,689,154	6	0.30%	42,988,605	1	1.03%
Sisters of St Joseph of PeaceHealth	23,718,328	7	0.28%	-	-	-
Greenbriar Construction	20,432,631	8	0.24%	-	-	-
Madrona Medical - 4545 Cordata Parkway LLC	17,931,664	9	0.21%	-	-	-
Fred Meyer - Roundup Company	17,487,969	10	0.20%	-	-	-
Georgia-Pacific West, Inc.	-	-	-	23,045,920	3	0.55%
Trillium Corporation	-	-	-	14,294,545	6	0.34%
Pan Pacific Development Corporation	-	-	-	20,717,075	4	0.50%
Britax Cabin Interiors, Inc.	-	-	-	12,947,100	8	0.31%
Cordata Center - KIR Bellingham LP	-	-	-	13,823,585	7	0.33%
Meridian Village - RVIP CA/WA/OR Portfolio LC	-	-	-	14,461,405	5	0.35%
Haggen	-	-	-	12,037,485	9	0.29%
Walmart	-	-	-	11,985,465	10	0.29%
Total top ten principal taxpayers	\$ 459,425,633		5.34%	\$ 202,294,445		4.87%
Total all taxpayers	\$ 8,596,997,698			\$ 4,154,459,646		

Source: Whatcom County Assessor's Office.

Schedule 9
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal year	Taxes levied for the fiscal year		Collected within the fiscal year of the levy		Delinquent collections, & tax levy changes	Total collections to date	
			Amount	Percentage of levy		Amount	Percentage of levy
2001	\$	13,001,459	\$ 12,547,663	96.5%	\$ 453,796	\$ 13,001,459	100.0000%
2002		13,555,413	13,244,413	97.7%	311,000	13,555,413	100.0000%
2003		13,457,161	13,132,508	97.6%	324,653	13,493,384	100.0000%
2004		13,910,630	13,656,680	98.2%	253,950	13,945,259	100.0000%
2005		14,050,825	13,767,756	98.0%	283,069	14,041,065	100.0000%
2006		14,623,252	14,371,570	98.3%	251,619	14,623,189	99.9996%
2007		17,419,207	17,161,069	98.5%	254,414	17,342,512	99.9786%
2008		18,104,429	17,976,878	99.3%	85,947	18,062,825	99.7702%
2009		18,426,728	18,187,142	98.7%	145,413	18,332,554	99.4889%
2010	\$	19,091,521	\$ 18,682,177	97.9%	\$ -	\$ 18,682,177	97.8559%

Source: Whatcom County Treasurer's Office.

Note: Beginning in the year 2010, Whatcom County is writing off outstanding property tax balances older than 5 years.

Schedule 10
Ratios of Outstanding Debt by Type
Last Nine Fiscal Years

Fiscal year	Governmental activities					Business-type activities				Total primary government	Percentage of personal income**	Per capita
	General obligation bonds	Special assessment bonds	Notes payable	Government loans payable	Revenue bonds (net)*	General obligation bonds (net)	Notes payable	Government loans payable				
2002	\$ 10,960,000	\$ 3,985,000	\$ 193,076	\$ 2,684,617	\$ 17,333,293	\$ 1,045,000	\$ -	\$ 1,398,798	37,599,784	2.14%	543	
2003	9,990,000	3,160,000	188,483	3,694,821	15,307,399	975,000	-	2,216,198	35,531,901	1.91%	509	
2004	28,490,000	2,395,000	183,557	3,517,186	17,786,760	890,000	3,000,000	2,064,598	58,327,101	2.92%	821	
2005	26,755,000	1,865,000	178,275	3,325,188	16,072,872	9,383,724	2,500,000	2,004,515	62,084,574	2.92%	858	
2006	25,045,000	1,295,000	172,612	2,977,826	25,512,805	9,024,038	2,000,000	2,527,532	68,554,813	2.96%	933	
2007	23,255,000	925,000	166,539	2,624,007	23,006,084	8,654,352	1,500,000	2,370,545	62,501,527	2.48%	831	
2008	21,542,912	514,485	160,027	2,211,089	26,435,000	8,245,098	1,000,000	2,177,772	62,286,383	2.40%	822	
2009	19,716,556	286,110	153,045	2,053,154	23,660,000	7,850,585	-	1,985,000	55,704,450	2.06%	732	
2010	\$ 17,775,200	\$ 212,735	\$ 145,558	\$ 1,895,219	\$ 20,055,000	\$ 7,415,688	-	\$ 1,823,479	\$ 49,322,879	-	610	

Notes: * Net bonds are bond totals less unamortized premiums and discounts.

** See Schedule 15 for per capita personal income and population data. Local data is not yet available for 2010 personal income.

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

Fiscal year	General obligation bonds	Debt service funds available	Net general obligation bonds	Percentage of actual taxable value of property	Per capita
2001	\$ 12,385,000	\$ 881,320	\$ 11,503,680	0.23%	166
2002	12,005,000	275,148	11,729,852	0.28%	168
2003	10,965,000	592,312	10,372,688	0.26%	146
2004	29,380,000	231,072	29,148,928	0.23%	403
2005	36,245,000	184,183	36,060,817	0.54%	491
2006	34,170,000	172,173	33,997,827	0.54%	452
2007	32,005,000	163,426	31,841,574	0.49%	420
2008	29,720,000	191,001	29,528,999	0.45%	388
2009	27,490,000	207,564	27,282,436	0.37%	337
2010	\$ 25,120,000	\$ 214,706	\$ 24,905,294	0.30%	308

Schedule 12
Direct and Overlapping Governmental Activities Debt
As of December 31, 2010

Governmental unit	Debt outstanding	Estimated percentage applicable	Estimated share of direct and overlapping debt
Bellingham School District #501	\$ 94,915,000	75.8%	\$ 71,945,570
Ferndale School District #502	32,680,000	0.1%	32,680
Port of Bellingham	13,310,000	35.5%	4,725,050
Whatcom County	6,735,000	35.5%	2,390,925
Whatcom County Fire District #4	2,110,443	10.9%	<u>230,038</u>
Subtotal, overlapping debt			79,324,263
City of Bellingham direct debt		100.0%	<u>25,120,000</u>
Total direct and overlapping debt			<u>\$ 104,444,263</u>

Sources: Assessed value data used to estimate applicable percentages is obtained from the Whatcom County Assessor. Outstanding debt data is obtained from the Whatcom County Treasurer and the Port of Bellingham.

Estimates: The estimated percentage is calculated by dividing the portion of the taxable assessed valuation of the City that falls within the overlapping unit by the total taxable assessed valuation of the overlapping unit.

Schedule 13
Legal Debt Margin Information
Last Ten Fiscal Years

<u>Legal Debt Margin Calculation for Fiscal Year 2010</u>	
Total assessed value	\$8,416,799,032
Debt limit:	
Non-voted debt limit (1.5% of assessed value)	126,251,985
Voted debt limit (1.0% of assessed value)	84,167,990
Total debt limit	210,419,975
Debt applicable to limit:	
General obligation bonds	25,120,000
Other debt	145,558
Less: assets available for repayment of debt	<u>(214,706)</u>
Total debt applicable to limit	<u>25,050,852</u>
Legal debt margin	<u>\$ 185,369,123</u>

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total assessed valuation	<u>\$ 4,154,459,646</u>	<u>\$ 4,488,602,150</u>	<u>\$ 4,598,293,447</u>	<u>\$ 5,348,485,164</u>	<u>\$ 6,635,005,489</u>	<u>\$ 6,868,648,539</u>	<u>\$ 7,070,686,278</u>	<u>\$ 8,079,556,522</u>	<u>\$ 8,596,997,698</u>	<u>\$ 8,416,799,032</u>
Debt limit (2.5%)	103,861,491	112,215,054	114,957,336	133,712,129	165,875,137	171,716,213	176,767,157	201,988,913	214,924,942	210,419,975
Total net debt applicable to limit	<u>12,539,020</u>	<u>12,396,661</u>	<u>10,760,312</u>	<u>29,262,019</u>	<u>36,239,090</u>	<u>34,170,337</u>	<u>32,008,113</u>	<u>29,689,026</u>	<u>27,435,481</u>	<u>25,050,852</u>
Legal debt margin	<u>\$ 91,322,471</u>	<u>\$ 99,818,393</u>	<u>\$ 104,197,024</u>	<u>\$ 104,450,110</u>	<u>\$ 129,636,047</u>	<u>\$ 137,545,876</u>	<u>\$ 144,759,044</u>	<u>\$ 172,299,887</u>	<u>\$ 187,489,461</u>	<u>\$ 185,369,123</u>
Total net debt applicable to limit as a percentage of debt limit	12.1%	11.0%	9.4%	21.9%	21.8%	19.9%	18.1%	14.7%	12.8%	11.9%

Source: Assessed valuation data is obtained from the Whatcom County Assessor's Office.

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

Schedule 14
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal year	Water-Sewer revenue bonds						Special assessment (LID) bonds			
	Gross revenue	Operating expense	Net available revenue	Debt service		Percentage bond coverage	Special assessment collections	Debt service		Percentage bond coverage
				Principal	Interest			Principal	Interest	
2001	\$ 25,526,650	\$ 14,979,252	\$ 10,547,398	\$ 1,875,000	\$ 985,350	3.69	\$ 879,458	\$ 535,000	\$ 337,390	1.01
2002	25,662,709	16,057,401	9,605,308	1,965,000	901,148	3.35	1,257,651	945,000	305,660	1.01
2003	25,820,131	16,356,359	9,463,772	2,050,000	809,678	3.31	1,086,486	825,000	251,448	1.01
2004	25,851,284	16,819,139	9,032,145	2,150,000	565,726	3.33	973,069	765,000	202,048	1.01
2005	27,954,210	17,444,886	10,509,324	1,725,000	830,794	4.11	695,305	530,000	154,818	1.02
2006	29,979,626	19,819,809	10,159,817	1,860,000	669,589	4.02	702,709	570,000	120,993	1.02
2007	32,006,315	20,916,527	11,089,788	2,520,000	1,058,107	3.10	453,028	370,000	83,213	1.00
2008	33,954,048	22,816,773	11,137,275	2,675,000	967,095	3.06	410,967	355,000	58,925	0.99
2009	31,792,039	24,531,698	7,260,341	2,775,000	1,076,464	1.89	355,519	235,000	35,223	1.32
2010	\$ 32,157,169	\$ 22,658,580	\$ 9,498,589	\$ 3,605,000	\$ 979,422	2.07	\$ 130,023	\$ 80,000	\$ 20,100	1.30

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

Schedule 15
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar year	Population	Personal income (thousands of dollars)	Per capita personal income	Median age	School enrollment	Unemployment rate
2001	68,890	1,744,708	25,326	-	-	6.5%
2002	69,260	1,757,126	25,370	-	-	6.9%
2003	69,850	1,860,594	26,637	-	-	6.8%
2004	71,080	1,996,566	28,089	-	-	5.8%
2005	72,320	2,126,063	29,398	30.1	22,726	5.0%
2006	73,460	2,317,075	31,542	30.7	25,667	4.5%
2007	75,220	2,518,892	33,487	29.7	29,343	4.1%
2008	75,750	2,597,619	34,292	30.3	26,276	5.0%
2009	76,130	\$ 2,700,940	\$ 35,478	30.7	27,496	8.5%
2010	80,885	***	***	***	***	8.8%

Population source: State of Washington, Office of Financial Management.

Per capita personal income source: Federal Reserve Bank of St. Louis - Economic Research.

Median age, education level, and school enrollment source: U.S. Census Bureau, American FactFinder.

Unemployment rate source: U.S. Department of Labor, Bureau of Labor Statistics.

The data in this schedule is derived from the Bellingham, WA Metropolitan Statistical Area (MSA).

**** 2010 Information was not available at the time this schedule was prepared.*

Schedule 16
Principal Employers
Current Year and Seven Years Prior

Employer	2010			2003		
	Employees	Rank	Percentage of total city employment	Employees	Rank	Percentage of total city employment
St. Joseph Hospital	2,753	1	2.83%	1,800	2	2.02%
Western Washington University	1,592	2	1.64%	1,970	1	2.22%
Bellingham School District	1,312	3	1.35%	1,216	3	1.37%
City of Bellingham	899	4	0.92%	823	6	0.93%
Whatcom County	864	5	0.89%	828	4	0.93%
Haggen Inc.	850	6	0.87%	827	5	0.00%
Sodexo Services	652	7	0.67%	400	10	0.45%
Sterling Helath	650	8	0.67%	-	-	0.00%
Fred Meyer's	613	9	0.63%	-	-	0.00%
Heath Techna	604	10	0.62%	-	-	0.00%
Anvil Corporation		-	0.00%	560	7	0.63%
Brown & Cole Stores		-	0.00%	520	8	0.58%
T-Mobile USA		-	-	500	9	0.56%
Total employed by the top 10 employers	<u>10,789</u>		<u>11.09%</u>	<u>9,444</u>		<u>9.69%</u>
Total city employment	<u>97,248</u>			<u>88,924</u>		

Sources: Western Washington University College of Business and Economics, Economics and Business Research for 2010 employer data. Bellingham Herald for 2003 employer data, and U.S. Department of Labor, Bureau of Labor Statistics for total city employment data. Beginning in 2009, the total city employment figure reported for both years is derived from the Bellingham, WA Metropolitan Statistical Area (MSA). Note: Fiscal year 2003 is the earliest available historical data. Haggen Inc. and Sterling Health are estimates based on 2009 numbers.

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

Employee groups	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Elected Mayor	2.0	2.0	2.0	2.0	2.0	2.0	2.0	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
Non-Represented Employee Group	75.9	75.6	78.6	77.4	77.1	79.9	83.9	90.8	87.0	80.1
Supervisors & Professionals	90.9	94.3	100.6	101.7	104.9	103.4	108.6	107.8	106.0	100.0
Professional Librarians	9.3	9.3	8.3	8.0	8.0	8.0	8.0	8.0	8.0	6.3
Emergency Med Svcs Dispatch	10.0	11.0	11.0	11.0	12.0	12.0	12.0	13.0	13.0	13.0
Fire Supervisors	8.0	8.0	8.0	7.3	7.0	8.0	8.0	8.0	8.0	8.0
Firefighters	120.8	128.7	129.7	129.3	122.5	126.0	132.0	135.0	133.0	129.0
Police	97.0	98.0	98.0	95.4	95.1	100.0	102.0	102.0	106.0	99.7
WHAT COMM Dispatch	-	-	23.0	23.0	23.0	23.0	26.0	26.0	26.0	26.0
Non-Uniformed	<u>387.3</u>	<u>379.1</u>	<u>355.7</u>	<u>334.4</u>	<u>323.5</u>	<u>327.3</u>	<u>336.5</u>	<u>352.1</u>	<u>351.6</u>	<u>319.8</u>
Total regular workforce	808.2	814.0	822.9	797.5	783.1	797.6	827.0	851.7	847.6	790.9
Temporary labor	<u>69.0</u>	<u>73.4</u>	<u>69.1</u>	<u>60.9</u>	<u>59.2</u>	<u>62.2</u>	<u>66.7</u>	<u>64.6</u>	<u>62.6</u>	<u>62.0</u>
Total paid workforce	877.2	887.4	892.0	858.4	842.3	859.8	893.7	916.3	910.2	852.9

Sources: City of Bellingham 2001-2010 adopted budgets.

Schedule 18
Operating Indicators by Function/Performance Measures
Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Governmental Services										
Judicial										
Caseload per Public Defender	-	-	-	-	-	-	-	486	392	436
% of Criminal cases completed in 90 days	-	-	-	-	-	-	80%	82%	86%	83%
Clearance rates - all infractions	-	-	-	106%	110%	107%	108%	110%	109%	115%
Clearance rates - criminal misdemeanors	-	-	-	118%	137%	117%	112%	109%	102%	104%
Finance										
GO Bonded debt issued (millions)	\$ -	\$ -	\$ -	\$ 20.7	\$ 8.7	\$ -	\$ -	\$ -	\$ -	\$ -
GO Bonded debt redeemed (millions)	\$ -	\$ -	\$ 1.0	\$ 2.3	\$ 1.8	\$ 2.1	\$ 2.2	\$ 2.3	\$ 2.2	\$ 2.4
GO Bonded debt (millions)	\$ -	\$ -	\$ 11.0	\$ 29.4	\$ 36.2	\$ 34.2	\$ 32.0	\$ 29.7	\$ 27.5	\$ 25.1
GO Bonded debt per capita	\$ -	\$ -	\$ 157.0	\$ 420.0	\$ 501.0	\$ 465.0	\$ 425.0	\$ 392.0	\$ 361.0	\$ 324.0
Human Resources and Payroll										
Benefit costs as a % of wages	-	-	28.5%	30.2%	31.9%	33.8%	36.2%	37.7%	40.2%	34.2%
Legal										
Criminal filings	3,993	3,700	4,183	4,015	3,552	3,809	4,138	3,860	4,138	3,844
Claims filed	65	80	93	70	54	46	62	60	79	48
Public Safety										
Police										
Violent crime incidents	137	164	181	182	174	196	187	181	171	282
Property crime incidents	4,712	4,944	5,138	5,878	5,573	5,334	5,022	4,358	4,341	3,653
Total dispatch incidents/CAD	117,304	120,080	125,544	128,089	126,709	128,089	128,665	129,048	128,416	128,734
Incidents per dispatcher	-	-	5,458	5,569	5,509	5,569	5,594	5,611	5,583	4,951
Fire										
Fire unit responses	8,538	8,920	9,059	9,802	8,277	8,211	7,735	7,592	7,412	7,227
Aid unit responses	-	-	-	-	1,044	1,804	2,501	3,848	3,939	4,478
False fire alarms	-	-	599	735	627	729	656	639	580	605
EMS Incidents in City	-	-	-	-	-	4,819	6,754	6,764	7,399	6,600
EMS Incidents in total	-	-	10,797	11,375	11,815	11,085	10,221	10,063	9,100	9,045
Physical Environment										
Public Works										
Million of gallons water treated/day	9.7	10.0	10.2	10.4	9.8	10.5	10.8	9.7	9.4	8.9
Million of gallons wastewater/day	11.7	11.3	11.9	12.5	11.8	12.5	12.0	11.6	12.8	12.2
Transportation										
Public Works										
% of streets needing overlay	-	-	-	-	-	8.8%	6.0%	6.0%	6.4%	6.5%
% of sidewalks needing overlay	-	-	-	-	-	6.7%	10.0%	12.0%	11.0%	18.5%
Economic Environment										
Hearing Examiner										
Cases heard	64	69	75	84	76	55	54	33	32	24
Planning										
Subdivision/short plats	54	59	55	47	99	61	40	19	16	16
New lots created	263	201	200	123	130	284	231	81	72	72
Development Services (Building Services)										
Plans reviewed	2,159	2,915	2,000	1,145	2,146	2,123	1,738	1,553	2,070	1,393
Total permits issued	4,080	4,390	4,608	4,770	4,846	4,198	4,372	3,681	3,111	3,472
Culture and Recreation										
Library										
Circulation per capita	15.7	16.2	16.4	16.6	16.5	16.4	17.0	18.7	20.9	20.9
Persons visiting	-	-	671,822	698,000	702,171	744,856	816,302	893,997	924,286	836,705
Museum										
Total attendance	103,205	107,675	103,299	104,565	111,705	106,001	103,656	90,700	50,445	70,879
Parks										
Park Acreage	-	-	-	-	-	3,218	3,272	3,334	3,440	3,446
Trail miles	-	-	-	-	-	64.1	64.6	65.8	67.2	67.9
Cum. acres of parks acq-greenway levy	330	392	483	499	510	511	525	598	696	697

Source: City of Bellingham 2000-2010 adopted budgets

Schedule 19
Capital Asset Statistics by Function
Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Governmental Services										
City Hall	1	1	1	1	1	1	1	1	1	1
Municipal Courts Building	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police										
Patrol cars	43	47	43	48	45	40	36	39	34	39
Armored vehicle	-	-	-	-	-	-	-	1	1	1
Mobile precinct	1	1	1	1	1	1	1	1	1	1
Fire										
Fire stations	5	6	6	6	6	6	6	6	6	6
Fire trucks	12	13	13	13	13	13	13	13	12	10
Command vehicle	-	-	-	-	-	-	-	1	1	1
Ambulances	10	10	10	10	10	11	13	13	13	13
Physical Environment										
Cemetery	1	1	1	1	1	1	1	1	1	1
Public Works										
Operations facility complex (Pacific St.)	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	361	368	377	383	386	387	392	395	390	393
Sewer mains (miles)	302	305	310	316	319	316	316	316	316	316
Fire hydrants (total)	-	-	-	-	3,050	3,099	3,119	3,149	3,154	3,199
Water storage capacity (millions of gallons)	-	-	-	-	24	24	24	24	24	24
Wastewater treatment capacity (millions of gallons)	-	-	-	-	20	20	20	20	20	20
Transportation										
Parking										
Parking garage	1	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)	259	269	275	280	286	289	280	297	297	297
Traffic signs maintained	-	-	-	-	110	110	143	143	149	199
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	38	38	40	40	40	40	40	40	40	48
Civic field complex:										
Football stadium	1	1	1	1	1	1	1	1	1	1
Ice rink / indoor soccer	-	-	1	1	1	1	1	1	1	1
Skateboard / bicycle park	1	1	1	1	1	1	1	1	1	1
Baseball / softball fields	9	9	9	9	9	9	9	9	9	9
Swimming pool	1	1	1	1	1	1	1	1	1	1
Golf course	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



City of Bellingham, Washington
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

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1	2	3	4	5			6
Federal Agency Name / Pass- Through Agency Name	Federal Program Name	CFDA Number	Other ID Number	Expenditures			Foot- note Ref.
				From Pass- Through Awards	From Direct Awards	Total	
US Dept. of Housing & Urban Development, Office of Community, Planning, & Development	Community Development Block Grants / Entitlement Grants	14.218	B09& 10-MC-53-0010		854,190	854,190	1, 3
US Dept. of Housing & Urban Development, Office of Community, Planning, & Development / WA State Dept. of Commerce	Community Development Block Grants / State's Program and Non- entitlement Grants in Hawaii	14.228	08-F6401-030	332,068		332,068	1
US Dept. of Housing & Urban Development, Office of Community, Planning, & Development	HOME Investment Partnerships Program	14.239	M09& 10-MC-53-0204		697,218	697,218	1, 3
US Dept. of Housing & Urban Development, Office of Community, Planning, & Development	Economic Development Initiative- Special Project Grants, Neighborhood Initiative and Miscellaneous Grants	14.251	B08-SP-WA-0507		16,505	16,505	
US Dept. of Housing & Urban Development	ARRA-Community Development Block Grant, CDBG-R	14.253	B09-MY-53-0010		153,494	153,494	1, 4
US Dept. of the Interior, National Park Svc / WA State Dept. of Archaeology & Historic Preservation	Historic Preservation Fund Grants-In-Aid	15.904	FY11-61011-002	1,956		1,956	1
US Dept. of the Interior, National Park Svc, GSA	Federal Building Restoration	15.999	Consolidated Appropriation Act, 2004 (H.R.2673)		109,907	109,907	5
US Dept. of Justice, Violence Against Women Office / WA State Dept. of CTED / DVSAS of Whatcom County	Violence Against Women Formula Grants	16.588		26,320		26,320	2
US Dept. of Justice, Violence Against Women Office	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2005-WE-AX-0080		138,740	138,740	1
US Dept. of Justice, Office of Community Oriented Policing Services	Public Safety Partnership & Community Policing Grants	16.710	2008-CK-WX-0163		29,721	29,721	
Subtotal Federal Awards Expended				\$360,344	\$1,999,775	\$2,360,119	

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

City of Bellingham, Washington
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

Page 2 of 3

1	2	3	4	5			6
Federal Agency Name / Pass- Through Agency Name	Federal Program Name	CFDA Number	Other ID Number	Expenditures			Foot- note Ref.
				From Pass- Through Awards	From Direct Awards	Total	
US Dept. of Justice, Bureau of Justice Assistance / WA State Dept. of CTED / Whatcom County Sheriff's	Edward Byrne Memorial Justice Assistance Grant Program	16.738	M09 & M10-34021-017 2009-DJ-BX-0407	77,360	11,926	89,286	1, 2 2
			Sub-Total	77,360	11,926	89,286	
US Dept. of Justice / WA State CTED / WA Association of Sheriff's & Police Chiefs	ARRA-Edward Byrne Memorial Justice Assistance Grant Program / Grants to States & Territories	16.803	N/A	53,686		53,686	2,4
US Dept. of Justice	ARRA-Edward Byrne Memorial Justice Assistance Grant Program / Grants to Units of Local Government	16.804	2009-SB-B9-2463		96,706	96,706	1, 2
US Dept. of Transportation, FHWA / WA State Dept. of Transportation	ARRA-Highway Planning & Construction	20.205	9937(003)/LA7131	1,450,365		1,450,365	1, 2, 4
US Dept. of Transportation, FHWA / WA State Dept. of Transportation	Highway Planning & Construction	20.205	BRM-5511(001)/LA7052 HPP-0080(016)/LA6713 HPP-5508(002)/LA6274 POMVIP-5548(001)/LA7008 SRTS-0080(015)/LA6661 STPE-0080(009)/LA6148 STPE 0080(014)/LA6657 STPE-5525(005)/LA6330 STPR-5534(001)/LA6329	141,031 314,094 58,815 301,595 36,651 432,351 228,974 320,352 1,555,023			1, 2 1 1 1 1 2 1, 2
			Sub-Total	3,388,886		3,388,886	
US Dept. of Transportation, NHTSA / WA Traffic Safety Commission	State & Community Highway Safety	20.600	Speeding LEL	10,387 2,976			2 1,2
			Sub-Total	13,363		13,363	
US Dept. of Transportation, NHTSA / WA Traffic Safety Commission	Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	X52	7,368		7,368	1
US Dept. of Transportation, NHTSA / WA Traffic Safety Commission	Occupant Protection Incentive Grants	20.602	Seatbelts	1,801		1,801	
US National Endowment for the Arts	Promotion of the Arts Grants to Organizations and Individuals	45.024	N/A		3,000	3,000	2
Subtotal Federal Awards Expended				\$4,992,829	\$111,632	\$5,104,461	

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

City of Bellingham, Washington
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

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1	2	3	4	5			6
Federal Agency Name / Pass-Through Agency Name	Federal Program Name	CFDA Number	Other ID Number	Expenditures			Foot- note Ref.
				From Pass- Through Awards	From Direct Awards	Total	
US Institute of Museum & Library Services / WA State Library / Bellingham School District	Grants to States	45.310	08 & 09-SSS-C-002	2,229		2,229	2
US Environmental Protection Agency, Office of Air Radiation	Climate Showcase Communities Grant Program	66.041	AF-83453201-0		71,788	71,788	1
US Environmental Protection Agency, Office of Solid Waste & Emergency Response	Solid Waste Management Assistance Grants	66.808	X1-00J05201-0		13,589	13,589	1
US Dept. of Energy / WA State Dept. of Commerce	ARRA-State Energy Program	81.041	F11-52112-002	479,385		479,385	1, 4
US Dept. of Energy	ARRA-Energy Efficiency & Conservation Block Grant Program	81.128	DE-SC0002224		412,202	412,202	1, 4
US Dept. of Education, Office of Student Financial Assistance / Western Washington University & Whatcom Community College	Federal Work-Study Program	84.033		10,260		10,260	1, 2
US Dept. of Health & Human Services, Center for Disease Control / WA State Dept. of Health / Whatcom County	Public Health Emergency Preparedness	93.069		26,044		26,044	
US Dept. of Health & Human Services, National Institutes of Health / Whatcom County EMS	Cardiovascular Diseases Research	93.837	5U01HL077821-03	5,416		5,416	1, 2
US Dept. of Homeland Security / WA State	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		3,492		3,492	
US Dept. of Homeland Security / WA State Military Dept.	Emergency Management Performance Grants	97.042	E10-244	47,466		47,466	1, 2
US Dept. of Homeland Security	Assistance to Firefighters Grant	97.044	EMW-2008-FO-10704		44,440	44,440	2
US Dept. of Homeland Security / Whatcom County Sheriff's Office	Homeland Security Grant Program	97.067	2008-GE-T8-0038	14,858		14,858	1
US Dept. of Homeland Security	Staffing for Adequate Fire & Emergency Response	97.083	EMW-2009-FH-00193		84,289	84,289	1, 2
Subtotal - page 1				360,344	1,999,775	2,360,119	
Subtotal - page 2				4,992,829	111,632	5,104,461	
Total Federal Awards Expended				5,942,323	2,737,715	\$8,680,038	

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

City of Bellingham, Washington
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the City of Bellingham's financial statements. The City uses the accrual basis of accounting for proprietary funds and the modified accrual basis of accounting for governmental funds.

NOTE 2 - PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. The entire program costs, including the City's portion, are more than the amounts shown.

NOTE 3 - REVOLVING LOAN PROGRAM

The City administers revolving loan programs under the Community Development Block Grant (CDBG) and the HOME Investment Partnership Program Grant for low income housing acquisitions, development, and rehabilitation. Under these federal programs, repayments to the City are considered program income and loans of such funds are considered expenditures. The amount of loan funds disbursed to program participants for the year from the CDBG Grant was \$407,634 and the HOME Grant was \$527,739 and are included in this schedule. The amounts of principal and interest received in loan payments for the year for CDBG loans was \$131,477 and for HOME loans was \$68,015.

NOTE 4 - ARRA

The City has expended funds under six separate American Recovery and Reinvestment Act (ARRA) grant awards.

NOTE 5 - FEDERAL BUILDING

In 2004, the city received a Federal building donation along with a \$2.6 million cash award to be used for repair and restoration of the building. The expenditures funded by the original \$2.6 million and the interest earnings on these funds will continue to be reported until the cash award has been fully expended. The amount expended this year on Federal building repair and restoration was \$109,907, of this amount \$11,778 came from interest earnings. The amount of original award remaining is \$581,642.

City of Bellingham, Washington
Schedule of State and Local Financial Assistance
For the Year Ended December 31, 2010

Grantor / Pass-Through Granter / Program Title	Other ID Number	Current Year Expenditures	Foot-note Ref.
<u>Washington State Administrative Office of the Courts</u>			
AOC Information Technology Purchase Reimbursement Agreement	PRA1002	10,650	2
<u>Washington State Higher Education / Whatcom Community College</u>			
State Work Study Program - Whatcom Community College	SWS 274-2001 CSP1	2,760	
<u>Washington State Department of Ecology</u>			
Local Source Control Partnership	C1000063	74,954	1
Centennial Clean Water - Salmon Habitat Restoration	G0500140	146,837	2
Centennial Clean Water - Bellingham Water Quality & Habitat Improvement	G0800132	20,220	1, 2
Stormwater - Residential Stormwater Retrofit Program	G0800614	31,062	1, 2
Centennial Clean Water - Marine Nearshore Water Quality & Habitat	G0900085	12,854	1, 2
South State Street Manufactured Gas Plant	G0900207	520,613	1, 2
R.G. Haley Remedial Action	G1100188	16,732	1, 2
Eldridge Municipal Landfill Remedial Action	G1100200	15,614	1, 2
Sub-Total		838,886	
<u>Washington State Department of Health</u>			
EMS Prehospital Participation Grant	37M01	2,186	2
<u>Washington State Office of Public Defense</u>			
Public Defense Services	RCW 10.101.080	135,000	2
<u>Washington State Recreation & Conservation Office</u>			
Cordata Park Acquisition	08-1469A	483,801	2
<u>Washington State Transportation Improvement Board</u>			
Urban Arterial Program - Sunset Drive	8-2-156(035)-1	407,530	1, 2
Urban Arterial Program - Northwest Avenue	8-2-156(036)-1	86,565	1, 2
Urban Arterial Program - Northwest Avenue Roundabout	8-2-156(038)-1	46,785	1, 2
Sub-Total		540,880	
<u>Washington Traffic Safety Commission</u>			
School Zone Enforcement		11,516	
Total State Assistance		\$2,025,679	
<u>Northwest Clean Air Agency</u>			
Energy Efficiency Community Challenge		13,850	2
<u>Whatcom County</u>			
Economic Development Initiative	200707013-1	282,588	1
Total Local Assistance		\$296,438	
Total State and Local Assistance		\$2,322,117	

