

City of Bellingham, Washington

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2018

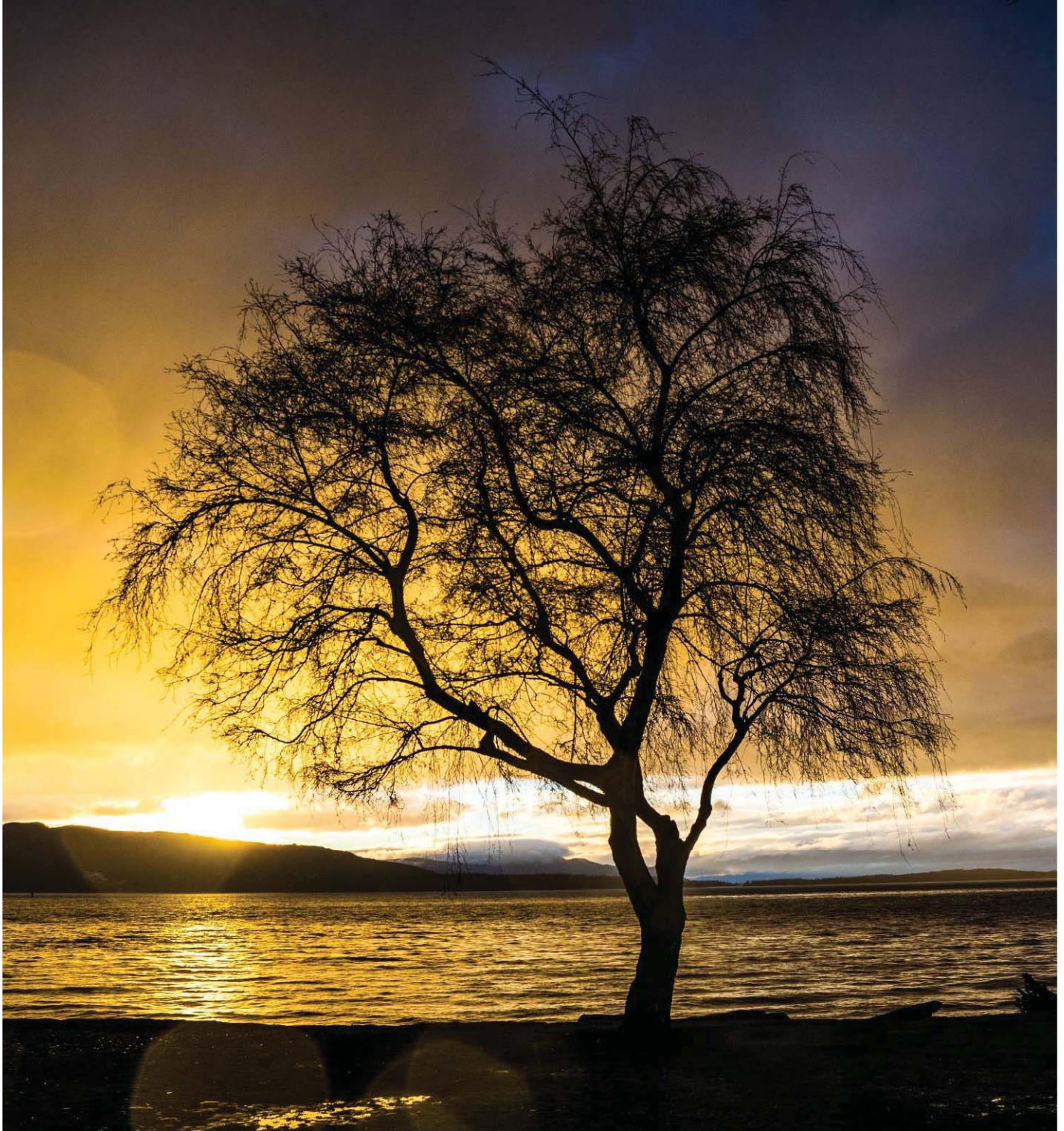


Photo taken by Brendan Morrison

City of Bellingham, Washington

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2018

Prepared by:

Finance Director

Andrew Asbjornsen

Accountants

Melanie Aliverti, CPA

Eden Rockenbach

Daniel Heverling

The Finance Department is responsible for the preparation of the annual CAFR.

For comments or questions, contact:

City of Bellingham, Finance Department, (360) 778-8000

<https://www.cob.org/gov/dept/finance/pages/reports.aspx>

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Finance Department

City of Bellingham

June 27, 2019

Mayor Kelli Linville, Bellingham City Council, and Residents of Bellingham, Washington:

I am pleased to provide the Comprehensive Annual Financial Report of the City of Bellingham for fiscal year ended December 31, 2018. This report is published annually as the official annual financial report and complies with State law (RCW 43.09.230) requiring annual reports for Washington municipal governments to be certified and filed with the Washington State Auditor's Office.

As management for the City, we assume full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that have been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Washington State Auditors have issued an unmodified ("clean") opinion on the City of Bellingham's financial statements for the year ended December 31, 2018. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Bellingham, incorporated in 1904, is in the Northwest corner of the state and is one of the top growth areas in both the state and the country. Located in Whatcom County, Bellingham is approximately sixty miles south of Vancouver, British Columbia, and ninety miles north of Seattle on the Interstate 5 corridor, and the City serves as the county seat. It occupies 28 square miles and serves a population of 90,665. Bellingham is the 12th largest of the 281 cities in the State of Washington and is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Bellingham operates under the mayor-council form of government. Policy-making and legislative authority are vested in the governing council consisting of the mayor and seven other members, all of whom are elected at large. Council members serve four-year terms, with one member elected every two years. The mayor is elected for a four-year term and one municipal court judge also serves a four-year term. The mayor, with council approval, appoints the department heads. All elected members operate under the laws of the State of Washington.

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

Bellingham has one discrete component unit that is a separate legal entity from the City with its' own Board of Directors. The Bellingham-Whatcom Public Facilities District was established in 2002. Its mission is to create a regional center that would enhance economic development in the business core. It is funded by a state rebate of .033% of locally collected sales tax.



Local Economy and Outlook

Over the past three decades, the economy of Bellingham and Whatcom County has transitioned from a resource-based to a retail and service-based economy. Older industries such as agriculture, timber, and fishing have declined in importance. In 2008, retail, services, and manufacturing activities suffered the same economic downturn experienced both nationally and internationally. Beginning in 2010, and continuing through 2018, retail sales have increased in large part due to the strong housing and construction industry and our proximity to the Canadian border.

Since the bottom of the recession in 2009, there has been slow improvement in the City's key revenue sources. Compared to 2017, the City's overall revenues are up \$20.4 million. Efforts of the Mayor, Finance Director, and Department Heads to prioritize programs and expenditures to achieve a sustainable balanced budget are on-going. The City's general fund has improved significantly since 2008, and the 2018 fiscal year-end reserve reached \$26.3 million.

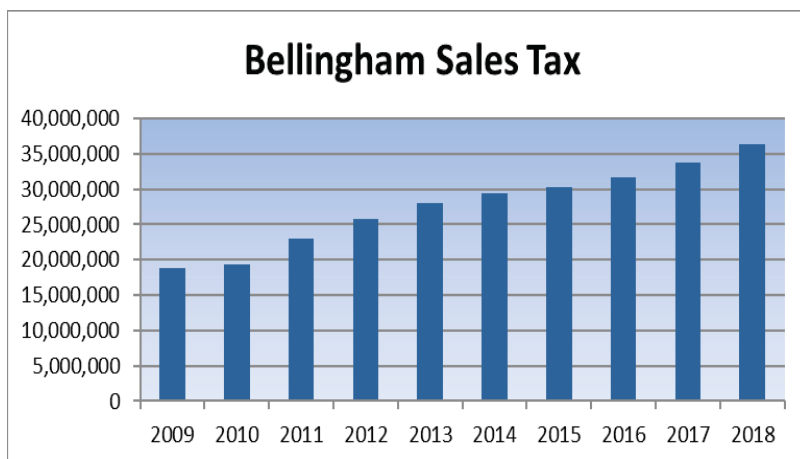
As reported by the Bureau of Labor Statistics, for the Bellingham Metropolitan Statistical Area, total non-farm employment declined from a previous high of 87,300 jobs in 2007 to a low of 80,200 jobs in 2009. At the end of 2018, non-farm employment surpassed the 2007 high, ending at 96,900 jobs.

The value of commercial and residential building projects increased from \$171.5 million in 2017 to \$228.5 million in 2018. New single-family dwellings were strong in 2018 with a valuation of \$45.4 million and 186 units; however, this was lower than 2017's valuation of \$52.4 million and 219 new units. Multi-family construction increased in 2018 with a valuation of \$36.3 million and 361 units, compared to \$32 million and 331 units in 2017. New industrial increased in 2018 to \$20.1 million versus \$2.9 million in 2017. City issued building permits peaked in 2007 above \$200 million before declining to \$100 million in 2011. In 2012, the value of building permits issued increased to \$143 million, which was the first positive growth in four years. There were 857 total permits issued in 2018, up from 768 in 2017.

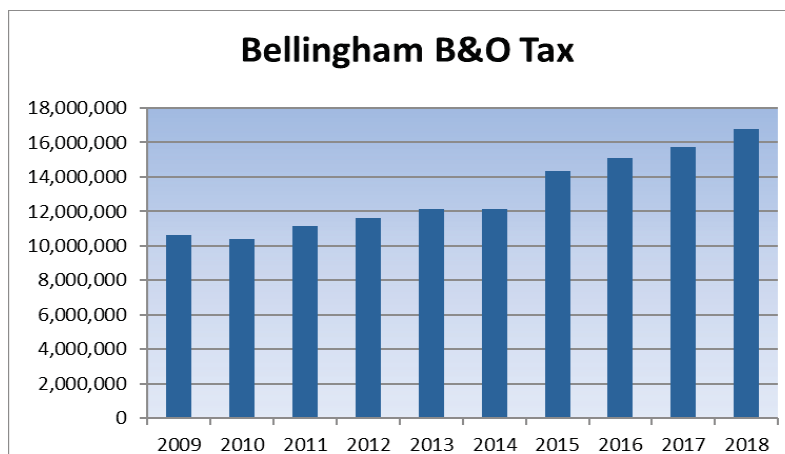
The City of Bellingham receives approximately \$2.35 per \$1,000 of assessed property value from property owners within the City limits. In 2018, this generated \$23.3 million government-wide and an additional \$2.5 million for the fire pension and OPEB funds. Property taxes increased \$690,000 over the prior year. Government-wide property tax revenue was allocated amongst the funds as follows: general fund \$20.2 million, low-income housing \$3 million, and waterfront capital construction \$64,000. Property tax provides roughly 22% of total general fund revenue.

Bellingham's general fund relies heavily on sales tax revenue, which is subject to larger economic swings than most other sources of government revenues. Retail sales have continued to benefit from our proximity to Canada and the strong construction market. In 2018, the City collected over \$36.3 million of sales tax revenues, an increase of \$2.6 million, a 7.8% rate of growth over 2017, and the highest sales tax revenue to date. Sales tax revenue generates approximately 34% of general revenue government-wide.

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



Business and occupation (B&O) tax peaked in 2007 at \$12.2 million. Over the following three-years, B&O taxes declined to \$10.4 million in 2010, reducing general fund revenue by \$1.8 million. Over the last eight years our economy has shown signs of recovery as is evident in the returning increase in B&O taxes. In 2018, B&O tax revenue hit \$16.8 million surpassing the peak achieved in 2007.



Tourism, education, and healthcare have a significant impact on the local economy. Our geographical location, including Bellingham Bay, the San Juan Islands, and Mt. Baker, offers significant recreational opportunities. Visitors spent \$588 million in Whatcom County in 2016, according to a study conducted by Dean Runyan Associates. This ranks fifth in visitor spending among the state's 39 counties. Western Washington University (the city's second largest employer), Whatcom Community College, and Bellingham Technical College host more than 32,648 students. St. Joseph Hospital, a 255-bed medical center and Level III Trauma Center serving Northwest Washington, is the city's largest employer.

Major Initiatives

Waterfront Redevelopment / New Whatcom Special Development Area

In January 2005, the City of Bellingham partnered with the Port of Bellingham on the redevelopment of 237 acres of heavy industrial property formerly occupied by Georgia-Pacific Corporation (GP). The

property's location, in the heart of Bellingham's historic waterfront district, makes this an ideal site for redevelopment, combining environmental cleanup with urban revitalization.

This is the largest redevelopment project in the history of Whatcom County and is the beginning of an exciting new era for Bellingham's waterfront. Over the next several decades, Bellingham's waterfront will undergo a transformation from an industrial waterfront site into a vibrant new neighborhood featuring breathtaking views, parks and trails, sustainable urban living, and a mix of essential new and traditional jobs.

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

In 2017, the City began construction of two new arterial streets in the Downtown Waterfront. This project includes new public utilities, bicycle and pedestrian facilities, parking, landscaping and street lighting. The project is providing utilities through the site, which will allow for mixed-use development within the area. A portion of the roadway and parking was open in 2018, and the project is set to be completed in 2019.

In 2018, the City completed Central Pier and Waypoint Park, a waterfront park along Whatcom Waterway, adjacent to the new roadway and granary building. The beach restoration of this park included removal of an old creosote bulkhead to create a pocket beach and backshore providing the public direct access to Whatcom Waterway.

The Port has signed an agreement with a master developer, who is currently reconstructing an old picturesque granary building into a mixed-use retail and office center that will serve as a gateway to the Waterfront District. This building is scheduled to open on 2019. Additionally, office and residential spaces in the area are slated to start construction in late 2019.

Financial Management and Controls

City management is responsible for establishing, implementing, and maintaining a framework of internal controls designed to ensure that City assets are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management.

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

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bellingham for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2017. This was the 17th year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

State law requires an annual audit of all City financial records and transactions by the State Auditor, an independent elected State official. The 2018 audit of the City has been completed and was performed in conformance with GAS. The financial statements of all City and agency funds have been included in this audit. Please refer to the Auditor's Opinion letter at the beginning of the Financial Section of this report.

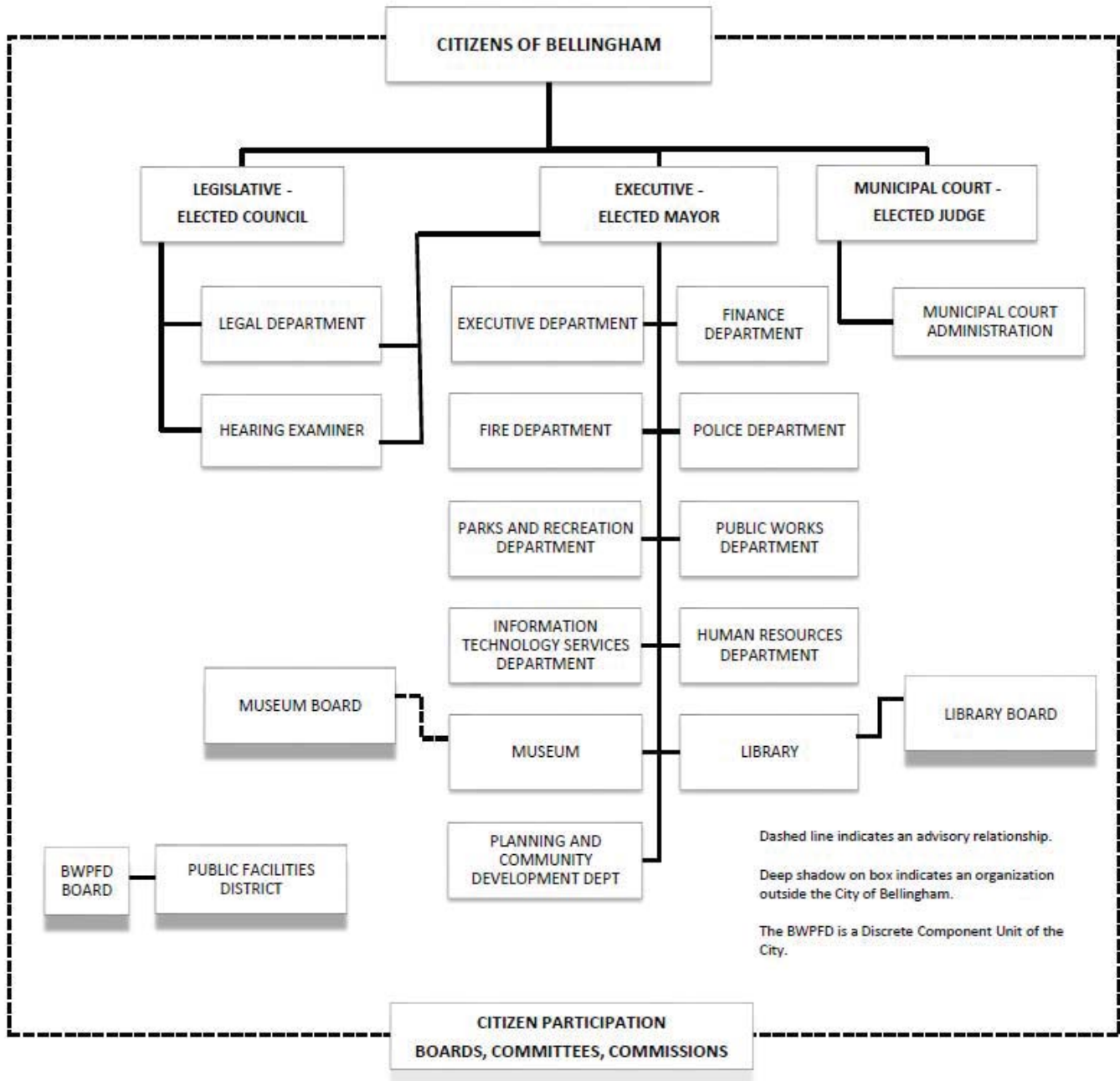
Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of Finance Department staff and other employees throughout the City who assisted in and contributed to its preparation. Further appreciation is extended to the Mayor and City Council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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Andy Asbjornsen', with a stylized flourish at the end.

Andy Asbjornsen
Finance Director
City of Bellingham

CITY OF BELLINGHAM ORGANIZATIONAL CHART



Dashed line indicates an advisory relationship.

Deep shadow on box indicates an organization outside the City of Bellingham.

The BWPFD is a Discrete Component Unit of the City.

Elected Officials

			Term	Expiration
Mayor		Kelli Linville	4 years	December 31, 2019
Municipal Court Judge		Deborah Lev	4 years	December 31, 2021
1 st Ward	Council Member	April Barker	4 years	December 31, 2019
2 nd Ward	Council Member	Gene Knutson	4 years	December 31, 2021
3 rd Ward	Council Member	Daniel Hammill	4 years	December 31, 2019
4 th Ward	Council Member	Pinky Vargas	4 years	December 31, 2021
5 th Ward	Council Member	Terry Bornemann	4 years	December 31, 2019
6 th Ward	Council Member	Michael Lilliquist	4 years	December 31, 2021
At Large	Council Member	Hannah Stone	2 years	December 31, 2019

Appointed Officials

Finance Director	Andy Asbjornsen
City Attorney	Peter Ruffatto
Hearing Examiner	Sharon Rice
Museum Director	Patricia Leach
Library Director	Rebecca Judd
Human Resources Manager	Kaycee Luxtrum
Court Administrator	Darlene Peterson
Director of Information Systems	Marty Mulholland
Director of Parks & Recreation	Leslie Bryson
Director of Planning & Community Development	Richard Sepler
Director of Public Works	Ted Carlson
Deputy Administrator	Brian Heinrich
Fire Chief – Interim	Bill Hewett
Police Chief	David Doll



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Bellingham
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrell

Executive Director/CEO



**Office of the Washington State Auditor
Pat McCarthy**

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

June 27, 2019

Mayor and City Council
City of Bellingham
Bellingham, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Bellingham, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Bellingham, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 22 to the financial statements, in 2018, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

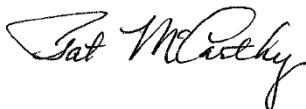
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements are presented for the purposes of additional analysis and is not a required part of the basic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

Our audit was conducted for the sole purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory and Statistical Sections are presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 27, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink, appearing to read "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy

State Auditor

Olympia, WA



MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Bellingham presents this discussion and analysis as part of the financial statements for the fiscal year ended December 31, 2018. The information presented should be read in conjunction with the financial statements and the notes to the financial statements.

Financial highlights

- The City's overall financial position increased in 2018 as compared to 2017. Government-wide net position increased by \$34 million, a 4.4% increase. Business-type activities increased \$16.4 million and governmental activities increased \$17.6 million.
- At December 31, 2018, the City's government-wide net position, the amount by which total assets exceed total liabilities, totaled \$813 million. Of this amount, \$626 million, or 77%, is the net investment in capital assets. Of the remaining net assets, \$46.7 million is unrestricted and may be used to meet the City's ongoing obligations.
- Total governmental activities revenues increased by \$16.7 million, or 12.9%, from 2017. Business-type activity revenues increased by \$3.6 million or 4.5%.
- The governmental activities ending net position increased by \$17.6 million from 2017, ending 2018 at \$495.8 million. Of this amount, \$(10.4) million is unrestricted and not available for spending at the City's discretion.

Overview of the financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide overall financial analysis

Net position

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Bellingham, assets and deferred outflows of resources exceeded liabilities by \$813.2 million, at December 31, 2018. This was an increase of \$34 million, or 4.4%, over December 31, 2017.

Net position (in thousands)						
	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current	\$ 146,951	\$ 134,475	\$ 81,639	\$ 67,993	\$ 228,590	\$ 202,468
Noncurrent	47,089	44,409	12,515	19,116	59,604	63,525
Capital assets (net of depr)	428,520	394,617	325,676	313,588	754,196	708,205
Total assets	622,560	573,501	419,830	400,697	1,042,390	974,198
Deferred Outflows of Resources	7,704	7,705	1,087	1,168	8,791	8,873
Liabilities						
Current	8,711	30,474	5,390	8,989	14,101	39,463
Current portion long-term	8,040	8,252	4,866	5,345	12,906	13,597
Long-term noncurrent	100,851	55,705	91,886	85,717	192,737	141,422
Total liabilities	117,602	94,431	102,142	100,051	219,744	194,482
Deferred Inflows of Resources	16,829	8,560	1,435	860	18,264	9,420
Net position						
Net investment in capital assets	378,166	366,840	247,653	238,300	625,819	605,140
Restricted	128,102	114,199	12,590	13,586	140,692	127,785
Unrestricted	(10,435)	(2,824)	57,097	49,068	46,662	46,244
Total net position	<u>\$ 495,833</u>	<u>\$ 478,215</u>	<u>\$ 317,340</u>	<u>\$ 300,954</u>	<u>\$ 813,173</u>	<u>\$ 779,169</u>

By far, the largest portion of the City's net position, 77%, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. During 2018, the net investment in capital assets increased by \$20.7 million.

An additional portion of the City's net position, 17.3%, represents resources that are subject to external restrictions on how they may be used. These restrictions include bond covenants, construction requirements, levy agreements, endowment terms, settlement agreements and the Revised Code of Washington. In 2018, the restricted resources total \$140.7 million.

The remaining balance of \$46.7 million is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors. This is an increase of \$418 thousand from 2017.

At the end of 2018, the City of Bellingham is able to report positive balances in all reported categories of net position for the government as a whole. The same situation held true for the 2017.

Changes in net position

In 2018, government-wide net position increased by \$34 million, of which governmental activities increased by \$17.6 million. The governmental activities net position increase was offset by a \$(30.5) million prior period adjustment related to sales tax receivables and the implementation of GASB 75 (See Note 21). Governmental activities total revenues increased by \$16.7 million from 2017. Governmental activities program revenues increased by \$11.3 million, and general revenues increased by \$5.4 million.

The business-type activities net position for 2018 increased by \$16.4 million over 2017. Business-type activities charges for services primarily from utility sources increased by 4.7% to total \$75.9 million.

Changes in net position (in thousands)						
	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Program revenues:						
Charges for services	\$ 14,492	\$ 12,859	\$ 75,871	\$ 72,431	\$ 90,363	\$ 85,290
Operating grants and contributions	7,730	9,251	2,051	46	9,781	9,297
Capital grants and contributions	18,729	7,523	4,508	3,318	23,237	10,841
General revenues:						
Property tax	23,318	22,627	-	-	23,318	22,627
Sales and use tax	36,294	33,662	-	-	36,294	33,662
Real estate excise tax	4,987	4,270	-	-	4,987	4,270
Business tax	33,922	32,566	1,442	1,417	35,364	33,983
Other taxes	1,127	1,040	818	745	1,945	1,785
Investment income	2,084	936	1,193	594	3,277	1,530
Miscellaneous revenue	2,079	2,400	178	2,153	2,257	4,553
Sale of capital assets	-	2,600	-	-	-	2,600
Total revenues	144,762	129,734	86,061	80,704	230,823	210,438
Program expenses:						
General government	12,069	12,121	-	-	12,069	12,121
Public safety	44,921	47,455	-	-	44,921	47,455
Transportation	16,418	16,703	-	-	16,418	16,703
Natural and economic environment	7,190	9,363	-	-	7,190	9,363
Social services	188	187	-	-	188	187
Culture and recreation	16,919	14,537	-	-	16,919	14,537
Interest on long-term debt	800	862	-	-	800	862
Water	-	-	21,631	19,414	21,631	19,414
Wastewater	-	-	21,775	22,460	21,775	22,460
Surface & stormwater	-	-	8,429	8,234	8,429	8,234
Solid waste	-	-	1,647	1,391	1,647	1,391
Medicine	-	-	7,280	6,904	7,280	6,904
Other business type activities	-	-	7,170	6,081	7,170	6,081
Total expenses	98,505	101,228	67,932	64,484	166,437	165,712
Excess (deficiency) before transfers	46,257	28,506	18,129	16,220	64,386	44,726
Transfers	1,880	165	(1,880)	(165)	-	-
Change in net position	48,137	28,671	16,249	16,055	64,386	44,726
Net position - beginning	478,215	449,544	300,955	284,899	779,170	734,443
Prior Period Adjustment	(30,519)		136		(30,383)	-
Net position - ending	\$ 495,833	\$ 478,215	\$ 317,340	\$ 300,954	\$ 813,173	\$ 779,169

Revenues and expenses – government-wide

In 2018, overall government-wide revenues increased \$20.4 million, from \$210.4 million to \$230.8 million. There were several elements that led to this \$20.4 million increase in revenues but the bulk of the increase was related to federal and state funding for capital projects, governmental business taxes, retail sales and use tax, increased interest revenue, and business-type charges for services. Business taxes increased \$1.4 million due to the continuation of a strong local economy. Sales and use tax also increased \$2.6 million due to strong demand for services and products within the local economy. Charges for services for water, wastewater, surface and stormwater, and solid waste increased \$3.4 million in 2018 compared to the prior year due in part to utility rate increases.

In 2018, overall government-wide expenses increased by \$724 thousand. Governmental activities experienced a decrease in expenses of \$2.7 million and business-type activities increased \$3.4 million. Of the \$2.7 million decrease in governmental activities expense, \$2.5 million can be attributed to public safety, \$2.2 million to natural and economic environment, and \$285 thousand from transportation expenses. These decreases were offset by an increase in culture and recreation of \$2.4 million.

Program revenues and expenses – governmental activities

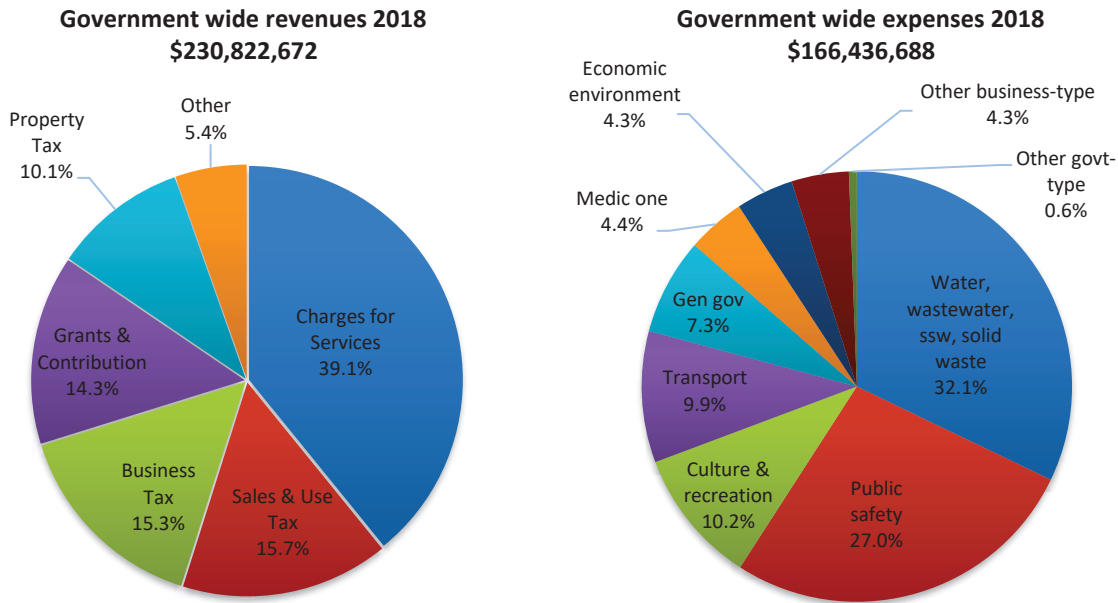
Governmental activities program revenue increased by \$11.3 million in 2018, from \$29.6 million to \$41 million. Of this increase, \$11.2 million was from an increase in capital grants and contributions and a \$1.6 million increase in charges for services offset by a \$1.5 million decrease in operating grants and contributions. Operating grants and contributions have decreased mainly from public safety grants decreasing from \$4.9 million to \$3.3 million offset by general government grants increasing from \$2.4 million to \$2.7 million in 2018. Capital grants and contributions have increased mainly from transportation capital grants increasing from \$6.6 million to \$18 million.

In 2018, expenses for governmental activities experienced an overall decrease of 2.7%. Total governmental activity spending was \$98.5 million, a \$2.7 million decrease over 2017 spending of \$101.2 million. Public safety expenses decreased \$2.5 million and natural and economic environment decreased by \$2.2 million, offset by an increase in culture and recreation expenses of \$2.4 million.

Program revenues and expenses – business-type activities

Business-type activities program revenue increased by \$6.6 million in 2018, from \$75.8 million to \$82.4 million. This increase is mainly attributable to a \$3.4 million increase in charges for services and a \$2 million increase in operating grants and contributions. Operating grants and contributions increased significantly in 2018 from \$46 thousand to \$2.1 million. This increase was largely due to \$1.6 million received for the Nooksack Dam project in the water fund.

Expenses for business-type activities increased \$3.4 million from the prior year. The largest increase was water expenses at \$2.2 million, with smaller increases in golf of \$959 thousand, development services of \$483 thousand, and medic one of \$376 thousand. These increases were offset by a decrease in wastewater expenses of \$685 thousand, cemetery of \$188 thousand, and parking of \$164 thousand.



Fund level financial analysis

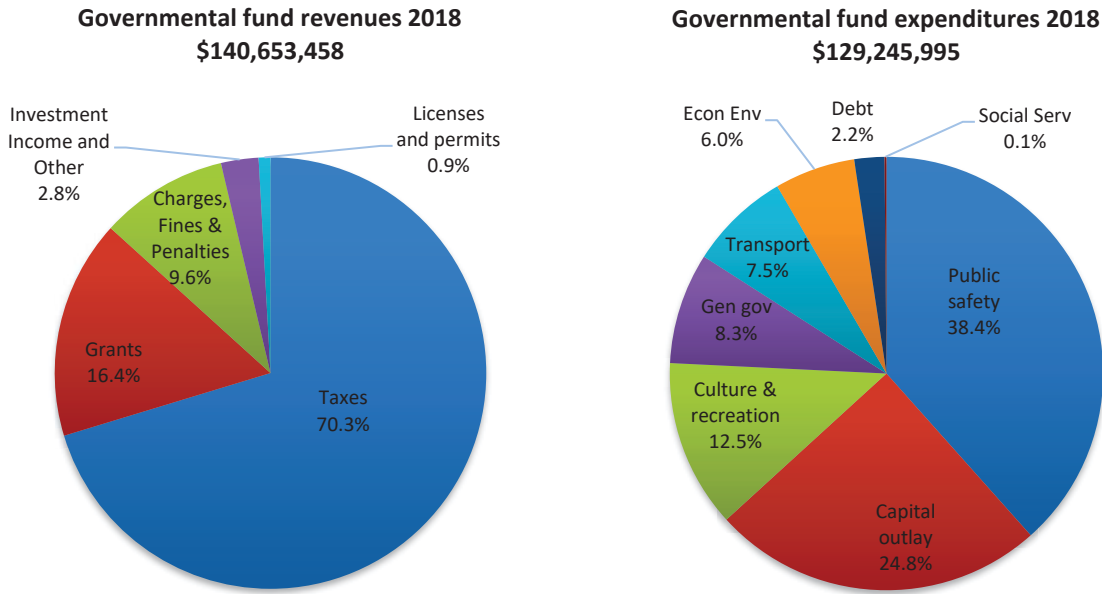
Governmental funds

Revenues

The City of Bellingham uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. In 2011, the City began reporting the former special revenue street fund in the general fund. In 2012, after further evaluation of all special revenue funds, the City reported additional activities in the general fund that were previously reported in the special revenue funds given the guidance of GASB 54. Currently, the City has eight special revenue funds reported within the general fund. The presentation and grouping of the 2018 major funds are comparable to the 2017 major funds.

Fund balance in governmental funds increased \$15.5 million in 2018. Of this amount, \$11.4 million is related to excess revenues over expenditures and general long-term debt proceeds, resulting in a final ending fund balance of \$161 million. Overall governmental revenues increased to \$140.1 million from \$123.7 million in 2017. The reasons for the increase was a significant increase in intergovernmental revenue to \$23.1 million from \$13.9 million and a significant increase in taxes to \$98.9 million from \$93.4 million.

Tax revenue is the City's most significant source of governmental revenue, representing 70.3% of total governmental revenue and 75% of General fund revenue. Tax revenue supports services such as streets, fire, police and parks which are basic to the City's mission; although they do not generate substantial revenue. The major tax categories are retail sales and use, business and occupation, and property and utility tax. Overall, tax collections increased 5.8% from 2017 to 2018. Within the legally adopted original general fund, sales and use tax had the largest increase, \$2 million or 8.2%. Business and occupation taxes showed a similar increase of \$1.4 million or 4.2%. This increase in tax revenue is due to increased business activity within the strong local economy.



Expenditures

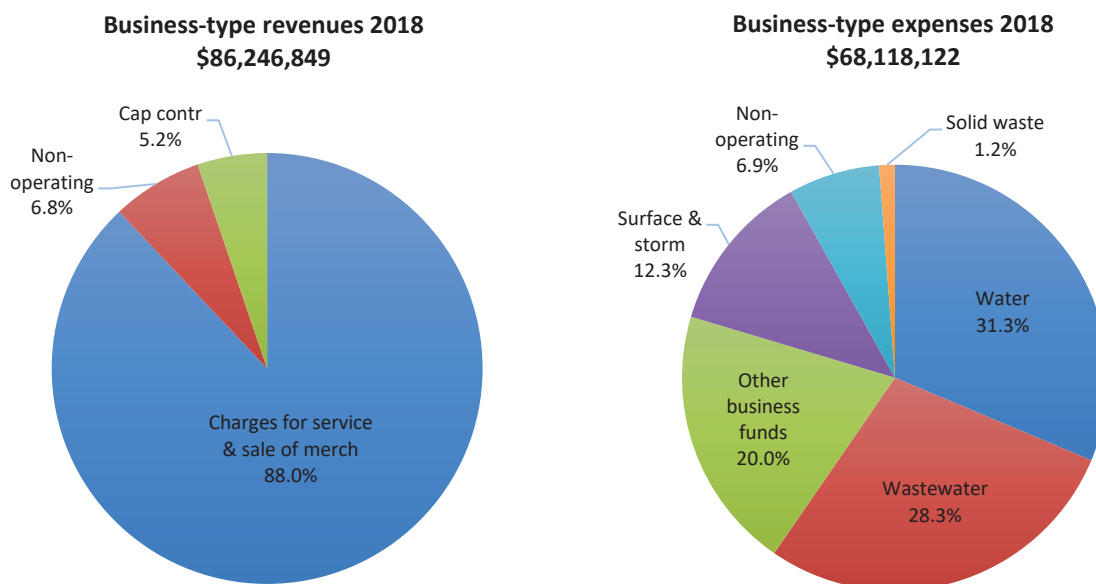
Public safety consisting of fire, police and municipal court accounts for 38.4% of governmental expenditures. Capital outlay represents 24.8% of governmental expenditures. Culture and recreation services include most parks and recreation programs, the museum and the library. They represent another 12.5% 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 8.3% of governmental expenditures. Additionally, transportation is 7.5%, natural and economic environment is 6%, debt expenses represent 2.2%, and social services represent .1% of total governmental expenditures.

Business-type funds

Net position increased by \$16.4 million, for a total of \$317 million in business-type funds. Operating revenues increased by \$3.4 million, or 4.7%, from \$72.4 million to \$75.9 million. Operating expenses increased by \$3.1 million, or 5.1%, from \$60.3 million to \$63.4 million.

The financial position of the City's business-type funds is largely influenced by the water and wastewater funds. Together they comprise 70.4% of operating revenues, 64.1% of expenses, and 81.7% of net position of each respective total for the enterprise funds.

The cemetery is a business-type activity that requires support from the general fund. In 2018, the cemetery received \$44 thousand cash operating subsidies. Medic one receives a portion of the voted EMS local sales tax from Whatcom County (see note 15).



Financial analysis of City funds

At the end of 2018, the City has 22 governmental funds. The general fund is the primary governmental fund and is the City's only major governmental fund.

The general fund ending fund balance increased \$11.2 million, from \$68.5 million in 2017 to \$79.7 million in 2018. This is mainly due to excess revenues over expenditures. The largest factors in this increase are a \$7.4 million dollar increase in Intergovernmental revenue and a \$4.9 million increase in taxes.

Fund balance for the non-major governmental funds increased by \$4.3 million in 2018, due in large part to excess revenues over expenditures of \$1.6 million and net transfers-in of \$1.3 million. Revenues increased 14.7% and expenses increased 36.8% in 2018 as compared to 2017.

The City has nine business-type funds. The four major business-type funds are water, wastewater, surface and stormwater and solid waste. In 2018 these funds all increased their net positions from 2017, except for solid waste which had a decrease. The increases were \$9.1 million in water, \$4.3 million in wastewater, \$3.3 million in surface and stormwater, and \$746 thousand decrease in solid waste. Revenues increased due in part to rate increases. Solid waste has a negative ending net position of \$7.6 million (see note 2B). In 2018 pollution remediation liability was increased by \$691 thousand in the solid waste fund, which added to the negative ending net position of solid waste. The City has five non-major enterprise funds: cemetery, golf, parking services, medic one and development services. Net position for the five funds increased by \$498 thousand in 2018 compared to 2017.

General fund budgetary highlights

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

(RSI) section of the financial statements. In 2015, the City changed the budget cycle to every two years instead of one year. The adopted general fund budget for expenditures (pre-GASB 54 rollup) was \$152.1 million, the final budget after all amendments was \$157.3 million and the actual expenditures are \$140.8 million. Amendments to the budget are made for the following purposes:

- Supplemental appropriations approved after the beginning of the year to reflect actual beginning account balances and to correct the estimated amounts in the budget adopted in December 2016.
- Increases and decreases in appropriations to recognize actual program costs.
- New appropriations to acknowledge unanticipated revenues and corresponding expenditures.

2018 was the second year of a two year budget cycle. The 2017-2018 actual revenues are 98% of the final two year budget amount. Property tax, sales and use tax, business tax, other taxes, and licenses and permits actual revenues finished the year at 98-109% of the final two year budget. Intergovernmental and miscellaneous revenue came in above budget at 121-140%. Investment income also came in above budget at 151%. These revenues were offset by charges for services and fines and penalties, which were below estimated budget. Business taxes included both business and occupation taxes (B&O) taxes as well as utility taxes. Both B&O taxes and utility taxes have been strong in 2018 due to increased business activity from the stronger local economy as previously stated above.

Actual expenditures for 2017-2018 are 90% of the final two year budgeted amount. This is mainly due to general government expenditures coming in at only 62% of budget. The general fund actual ending fund balance of \$33.7 million is above the projected final ending balance of \$13.9 million, a \$19.7 million difference.

Capital asset and debt administration

Capital assets

At December 31, 2018, the City has invested \$725.2 million in a wide range of capital assets throughout governmental and business-type activities, an increase of \$38.6 million from the previous year. Improvements/infrastructure increased \$52.1 million and this was offset by a decrease in Construction in Progress of \$15.7 million. This increase is due in part, to the following activity:

- Water pre-treatment plant totaled \$17.8 million
- Granary Avenue/Bloedel Avenue totaled \$13.1 million
- Mahogany Avenue totaled \$5.8 million
- Waypoint park totaled \$5.0 million
- Surface and stormwater mains totaled \$2.7 million
- Water main replacements totaled \$2.4 million

Capital assets (net of depreciation, in thousands)							
	Governmental activities		Business-type activities		Total		Increase (Decrease)
	2018	2017	2018	2017	2018	2017	2018-2017
Capital assets, non depreciable:							
Land	\$ 85,489	\$ 83,209	\$ 47,048	\$ 46,154	\$132,537	\$129,363	\$ 3,174
Improvements/infrastructure	17,615	17,615	-	-	17,615	17,615	-
Construction in progress	6,535	10,997	1,355	12,590	7,890	23,587	(15,697)
Intangible right of ways	58,987	56,213	206	206	59,193	56,419	2,774
Capital assets, net of depreciation:							
Buildings	25,080	25,984	95,917	98,714	120,997	124,698	(3,701)
Improvements/infrastructure	189,635	162,911	178,129	152,668	367,764	315,579	52,185
Machinery and equipment	15,476	14,843	2,236	2,670	17,712	17,513	199
Intangible software	1,533	1,831	-	-	1,533	1,831	(298)
Total	\$400,350	\$373,603	\$324,891	\$313,002	\$725,241	\$686,605	\$ 38,636

More detailed information about capital assets is presented in note 6.

In addition to the capital assets shown above the City also has made commitments to fund several parks, streets, water, sewer, surface and storm, and communication projects. Of the current capital commitments, \$8.1 million has been spent to date with \$13.3 million remaining.

Long-term debt

At December 31, 2018, the City's total outstanding debt was \$111.6 million, a decrease of \$347 thousand from 2017.

Outstanding debt (in thousands)							
	Governmental activities		Business-type activities		Total		Increase (Decrease)
	2018	2017	2018	2017	2018	2017	2018-2017
General obligation bonds	\$ 24,825	\$ 26,554	\$ 4,148	\$ 4,668	\$ 28,973	\$ 31,222	\$ (2,249)
Revenue bonds	-	-	63,054	65,548	63,054	65,548	(2,494)
Government loans	4,166	4,727	15,346	10,376	19,512	15,103	4,409
Notes payable	63	76	-	-	63	76	(13)
Total	<u>\$ 29,054</u>	<u>\$ 31,357</u>	<u>\$ 82,548</u>	<u>\$ 80,592</u>	<u>\$ 111,602</u>	<u>\$ 111,949</u>	<u>\$ (347)</u>

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

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

More detailed information about long-term debt is presented in note 10.

Economic factors and the 2017-2018 biennium budget

Since mid-2010 there has been a good recovery from the recession. During the time period of March 2018 to March 2019, the recovery has resulted in the addition of approximately 2,400 new jobs in Whatcom County Metropolitan Statistical Area (MSA). The improvement in the number of employed has resulted in a downward trend of the unemployment rate, which stood at 4.7% at December 31, 2018, compared to the 2017 rate of 5.0%

- Washington statewide 2018 unemployment rate is 4.5%, down from the 2017 rate of 4.8%
- National unemployment rate for 2018 is 4.4%, which is the same as 2017.

The Seattle MSA is the closest proximity to Bellingham for inflation rate indication. In 2018, the Seattle MSA inflation rate is 3.1%, which is above the national inflation rate of 2.1%.

The net bonded GO debt per capita has decreased from \$316 in 2017 to \$280 in 2018.

The City's assessed value per capita has increased from \$112,692 in 2017 to \$121,527 in 2018. With 89,044 citizens, the ratio of the number of City employees is 10.0 per one thousand of the City's population.

The general fund adopted budget for the 2017-2018 biennium has \$177.6 million of revenues resources (revenues + reserves) available for appropriation. General fund adopted budget expenditures for 2017-2018 are \$157.3 million. The City's financial condition continues to improve in response to the changing economic, social and environmental requirements impacting the community.

Contacting the City's financial management

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



CITY OF BELLINGHAM
Government-Wide
Statement of Net Position
December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total Primary Government	Public Facilities District
ASSETS				
Cash and cash equivalents	\$ 35,399,476	\$ 19,645,145	\$ 55,044,621	\$ 339,791
Investments	103,055,926	57,597,361	160,653,287	993,768
Receivables, net	8,495,513	4,396,421	12,891,934	282,093
<i>Restricted assets:</i>				
Cash and cash equivalents	-	2,952,738	2,952,738	238,370
Investments	-	8,621,294	8,621,294	695,983
Due from other governments	4,777,524	935,101	5,712,625	461
Due from component units	15,999,377	-	15,999,377	-
Prepaid items	77,882	-	77,882	-
Special assessments receivable	-	5,958	5,958	-
Inventories	559,408	-	559,408	-
Notes and contracts receivable	25,675,061	-	25,675,061	-
Capital assets, non depreciable:				
Land	85,488,948	47,047,593	132,536,541	1,329,860
Improvements	17,614,900	-	17,614,900	-
Construction in progress	6,535,288	1,354,914	7,890,202	-
Intangible assets - right of ways	58,986,690	206,111	59,192,801	-
Capital assets, net of depreciation:				
Buildings	25,079,539	95,916,548	120,996,087	13,213,167
Improvements	189,635,321	178,128,749	367,764,070	6,188,248
Machinery and equipment	15,475,667	2,235,902	17,711,569	-
Intangibles - software	1,532,728	-	1,532,728	-
Net pension asset	28,171,055	786,555	28,957,610	-
Total assets	622,560,303	419,830,390	1,042,390,693	23,281,741
DEFERRED OUTFLOWS OF RESOURCES				
Loss on refunding	1,300,180	465,380	1,765,560	604,955
Related to pensions	6,403,386	621,311	7,024,697	-
Total deferred outflows of resources	7,703,566	1,086,691	8,790,257	604,955
LIABILITIES				
Accounts payable	3,785,196	4,512,581	8,297,777	44,112
Accrued wages and benefits	3,527,322	675,589	4,202,911	-
Internal balances	(958)	958	-	-
Due to other governments	26,165	-	26,165	-
Other current liabilities	859,303	200,900	1,060,203	-
Unearned revenue	513,213	-	513,213	-
Noncurrent liabilities:				
Due within one year	8,040,053	4,866,226	12,906,279	1,251,770
Due in more than one year	100,851,335	91,885,927	192,737,262	14,747,607
Total liabilities	117,601,629	102,142,181	219,743,810	16,043,489

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

CITY OF BELLINGHAM
Government-Wide
Statement of Net Position
December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total Primary Government	Public Facilities District
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	13,541,859	1,435,404	14,977,263	-
Related to OPEB	3,287,184	-	3,287,184	-
Total deferred inflows of resources	16,829,043	1,435,404	18,264,447	-
NET POSITION				
Net investment in capital assets	378,166,235	247,652,580	625,818,815	4,731,898
Restricted:				
<i>Expendable</i>				
Affordable housing	30,873,606	-	30,873,606	-
Capital improvements	17,538,295	5,276,355	22,814,650	-
Cemetery services	-	310,877	310,877	-
Debt service	-	5,853,184	5,853,184	934,353
Environmental remediation	2,188,537	-	2,188,537	-
Government access TV	882,789	-	882,789	-
Library projects	86,974	-	86,974	-
Rental property inspections	-	362,457	362,457	-
Park improvements	17,892,506	-	17,892,506	-
Pension asset	28,171,055	786,555	28,957,610	-
Public safety dispatch	2,336,895	-	2,336,895	-
Public safety special purpose	570,087	-	570,087	-
Tourism	1,330,072	-	1,330,072	-
Transportation improvements	10,238,378	-	10,238,378	-
Waterfront redevelopment	6,108,912	-	6,108,912	-
<i>Nonexpendable</i>				
Permanent funds principal	9,884,136	-	9,884,136	-
Unrestricted	(10,435,280)	57,097,488	46,662,208	2,176,956
Total net position	\$ 495,833,197	\$ 317,339,496	\$ 813,172,693	\$ 7,843,207

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, 2018

Function/Program Activities		Program Revenues				Net (Expense) Revenue and Changes in Net Position										
		Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit							
						Governmental Activities	Business-Type Activities	Total	Public Facilities District							
Governmental Activities																
General government	\$	12,069,270	\$	2,355,313	\$	2,713,682	\$	20,000	\$	(6,980,275)	\$	-	\$	(6,980,275)	\$	-
Public safety		44,921,075		7,117,741		3,296,235		194,456		(34,312,643)		-		(34,312,643)		-
Transportation		16,418,105		1,609,622		24,805		18,030,274		3,246,596		-		3,246,596		-
Natural and economic environment		7,189,654		16,151		1,057,569		-		(6,115,934)		-		(6,115,934)		-
Social services		187,762		-		-		-		(187,762)		-		(187,762)		-
Culture and recreation		16,918,935		3,392,983		637,695		484,450		(12,403,807)		-		(12,403,807)		-
Interest on long-term debt		799,658		-		-		-		(799,658)		-		(799,658)		-
Total governmental activities		98,504,458		14,491,810		7,729,986		18,729,180		(57,553,482)		-		(57,553,482)		-
Business-Type Activities																
Water		21,630,618		27,921,131		1,601,610		2,051,449		-		9,943,572		9,943,572		-
Wastewater		21,774,931		25,518,227		5,288		456,962		-		4,205,546		4,205,546		-
Surface and stormwater		8,428,683		8,635,868		268,581		1,999,510		-		2,475,276		2,475,276		-
Solid waste		1,646,867		-		-		-		-		(1,646,867)		(1,646,867)		-
Cemetery		288,186		280,675		-		-		-		(7,511)		(7,511)		-
Golf course		1,200,065		1,032,541		-		-		-		(167,524)		(167,524)		-
Parking		2,359,361		2,207,928		-		-		-		(151,433)		(151,433)		-
Medic one		7,279,999		6,356,248		168,343		-		-		(755,408)		(755,408)		-
Development services		3,323,520		3,918,500		6,782		-		-		601,762		601,762		-
Total business-type activities		67,932,230		75,871,118		2,050,604		4,507,921		-		14,497,413		14,497,413		-
Total primary government	\$	166,436,688	\$	90,362,928	\$	9,780,590	\$	23,237,101	\$	(57,553,482)	\$	14,497,413	\$	(43,056,069)	\$	-
Component Unit																
Public Facilities District	\$	1,315,149	\$	11,862	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(1,303,287)
General revenues																
Taxes:																
Property										23,317,634	-	23,317,634	-			
Sales and use										36,294,219	-	36,294,219	1,580,915			
Business										33,921,912	1,442,063	35,363,975	-			
Real estate excise										4,987,075	-	4,987,075	-			
Other										1,126,888	817,625	1,944,513	-			
Investment income										2,084,395	1,193,178	3,277,573	29,526			
Miscellaneous revenue										2,078,616	178,448	2,257,064	2,235			
Transfers										1,879,521	(1,879,521)	-	-			
Total general revenues and transfers										105,690,260	1,751,793	107,442,053	1,612,676			
Change in net position										48,136,778	16,249,206	64,385,984	309,389			
Net position - beginning										478,214,939	300,954,799	779,169,738	7,270,572			
Prior period adjustment										(30,518,520)	135,491	(30,383,029)	263,246			
Net position - ending										\$ 495,833,197	\$ 317,339,496	\$ 813,172,693	\$ 7,843,207			

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

CITY OF BELLINGHAM
Balance Sheet
Governmental Funds
December 31, 2018

	General	Nonmajor Governmental Fund Totals	Governmental Funds Total
ASSETS			
Cash and cash equivalents	\$ 19,979,731	\$ 9,178,633	\$ 29,158,364
Investments	57,792,529	27,040,853	84,833,382
Receivables, net	6,579,072	1,377,151	7,956,223
Due from other funds	54,024	-	54,024
Due from other governments	2,896,547	1,875,501	4,772,048
Due from component units	-	15,999,377	15,999,377
Interfund loans receivable	-	1,766,833	1,766,833
Prepaid items	11,752	-	11,752
Notes and contracts receivable	326,843	25,348,218	25,675,061
Total assets	87,640,498	82,586,566	170,227,064
LIABILITIES			
Accounts payable	1,721,600	1,013,371	2,734,971
Accrued wages and benefits	2,721,726	266,526	2,988,252
Due to other funds	-	53,066	53,066
Interfund loans payable	1,987,901	-	1,987,901
Due to other governments	1,163	-	1,163
Other liabilities	130,214	-	130,214
Unearned revenue - park program fees	168,213	-	168,213
Total liabilities	6,730,817	1,332,963	8,063,780
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - fines	1,187,287	-	1,187,287
Total deferred inflows of resources	1,187,287	-	1,187,287

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

CITY OF BELLINGHAM
Balance Sheet
Governmental Funds
December 31, 2018

	General	Nonmajor Governmental Fund Totals	Governmental Funds Total
FUND BALANCES			
<i>Nonspendable:</i>			
Permanent funds principal	-	9,884,136	9,884,136
Prepaid items	11,752	-	11,752
<i>Restricted:</i>			
Affordable housing	326,843	30,546,763	30,873,606
Capital improvements	17,538,295	-	17,538,295
Debt service	-	18,062,592	18,062,592
Environmental remediation	13,421	2,175,116	2,188,537
Government access TV	-	882,789	882,789
Library projects	-	86,974	86,974
Park maintenance and improvements	17,748,233	144,273	17,892,506
Public safety dispatch	-	2,336,895	2,336,895
Public safety special purpose	-	570,087	570,087
Tourism	-	1,330,072	1,330,072
Transportation improvements	1,113,384	9,124,994	10,238,378
Waterfront redevelopment	-	6,108,912	6,108,912
<i>Committed:</i>			
Legal environmental remediation	1,101,766	-	1,101,766
<i>Assigned:</i>			
Public safety donations	4,342	-	4,342
Streets	9,622,920	-	9,622,920
Unassigned	32,241,438	-	32,241,438
Total fund balances	79,722,394	81,253,603	160,975,997
Total liabilities, deferred inflows of resources and fund balances	\$ 87,640,498	\$ 82,586,566	\$ 170,227,064

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 Position
December 31, 2018

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

Total fund balance of governmental funds	\$ 160,975,997
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	383,530,881
The following long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds:	
Accrued investment interest	326,746
Deferred loss on bond refunding	1,300,180
Net pension asset	28,171,055
Deferred outflows of resources related to pension	6,014,878
Unearned revenue	1,187,287
	<u>37,000,146</u>
Internal service funds are used by management to charge the cost of certain internal functions, goods, and services to other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	29,399,999
The following long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued interest payable on long-term debt	(61,242)
Compensated absences	(5,844,309)
Net pension liability	(12,690,060)
Total OPEB liability	(32,490,694)
Deferred inflows of resources related to pension	(12,696,723)
Deferred inflows of resources related to OPEB	(3,287,184)
GASB 49 pollution remediation costs	(25,050,000)
GO bonds, loans, and notes payable	(21,097,193)
Premiums on long-term debt	(1,856,421)
	<u>(115,073,826)</u>
Net position of governmental activities	<u><u>\$ 495,833,197</u></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 Balances
Governmental Funds
For the Year Ended December 31, 2018

	General	Nonmajor Governmental Funds	Governmental Funds Total
REVENUES			
Taxes:			
Property	\$ 20,213,212	\$ 3,104,422	\$ 23,317,634
Sales and use	26,804,497	8,731,303	35,535,800
Business	33,921,912	-	33,921,912
Real estate excise	4,987,075	-	4,987,075
Other	1,126,888	-	1,126,888
Licenses and permits	937,073	299,340	1,236,413
Intergovernmental revenue	17,208,836	5,877,658	23,086,494
Charges for services	8,031,539	4,748,572	12,780,111
Fines and penalties	704,626	-	704,626
Investment income	1,218,079	492,854	1,710,933
Miscellaneous revenues	844,877	1,400,695	2,245,572
Total revenues	115,998,614	24,654,844	140,653,458
EXPENDITURES			
Current:			
General government	10,720,049	-	10,720,049
Public safety	43,082,598	6,559,929	49,642,527
Transportation	9,220,709	512,162	9,732,871
Natural and economic environment	3,802,228	3,972,549	7,774,777
Social services	187,762	-	187,762
Cultural and recreation	16,115,454	99,119	16,214,573
Debt service:			
Principal	-	2,096,674	2,096,674
Interest and related charges	37,507	766,714	804,221
Capital outlay	22,975,079	9,097,462	32,072,541
Total expenditures	106,141,386	23,104,609	129,245,995
Revenues over (under) expenditures	9,857,228	1,550,235	11,407,463
OTHER FINANCING SOURCES (USES)			
Transfers in	1,083,000	1,966,876	3,049,876
Transfers out	(4,793,689)	(682,662)	(5,476,351)
Total other financing sources and (uses)	(3,710,689)	1,284,214	(2,426,475)
Net change in fund balances	6,146,539	2,834,449	8,980,988
Fund balances - beginning	68,516,706	76,979,700	145,496,406
Prior period adjustment	5,059,149	1,439,454	6,498,603
Fund balances - ending	\$ 79,722,394	\$ 81,253,603	\$ 160,975,997

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, 2018

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

Net change in fund balances - total governmental funds	\$	8,980,988
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		22,122,132
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets.		2,422,383
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The following revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:

Accrued investment interest	35,475	
Net pension asset	8,260,115	
Deferred loss on bond refunding	(136,968)	
Unearned revenue	(358,244)	
		7,800,378

Internal service funds are used by management to charge the cost of certain internal functions, goods, and services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		4,026,625
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The following expenses in the statement of activities that do not use current financial resources are not reported as expenditures in governmental funds.

Accrued interest payable on long-term debt	4,563	
Total OPEB liability	554,034	
Compensated absences	(76,425)	
GO bonds, loans, and notes payable	2,096,674	
Premiums on long-term debt	205,426	
		2,784,272

Change in net position of governmental activities	\$	48,136,778
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CITY OF BELLINGHAM
Statement of Net Position
Proprietary Funds
December 31, 2018

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Water	Wastewater	Surface and Stormwater	Solid Waste	Nonmajor Enterprise Fund Totals	Enterprise Fund Totals	Internal Service Funds
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 5,547,831	\$ 8,004,516	\$ 1,617,080	\$ 1,577,646	\$ 2,898,072	\$ 19,645,145	\$ 6,238,699
Investments	16,198,336	23,620,491	4,773,285	4,606,348	8,398,901	57,597,361	18,215,497
Receivables, net	1,762,267	1,534,783	513,930	17,889	567,552	4,396,421	212,544
Due from other funds	1,608	-	-	-	-	1,608	-
Due from other governments	307,587	3,905	481,263	-	142,346	935,101	5,476
Inventory	-	-	-	-	-	-	559,408
Prepaid items	-	-	-	-	-	-	66,130
Restricted cash and cash equivalents	86,036	349,123	-	13,038	-	448,197	2,413
Restricted investments	251,204	1,019,357	-	38,070	-	1,308,631	7,047
Total current assets	24,154,869	34,532,175	7,385,558	6,252,991	12,006,871	84,332,464	25,307,214
Noncurrent assets:							
Restricted cash and cash equivalents	319,385	2,084,796	-	-	100,360	2,504,541	-
Restricted investments	932,529	6,087,108	-	-	293,026	7,312,663	-
Special assessments receivable	-	5,958	-	-	-	5,958	-
Capital assets, nondepreciable:							
Land	36,742,850	3,925,297	4,857,811	-	1,521,635	47,047,593	40,102
Construction in progress	557,991	202,798	594,125	-	-	1,354,914	1,076,141
Intangibles - right of ways	-	118,769	87,342	-	-	206,111	-
Capital assets, net of depreciation:							
Buildings	5,833,907	87,406,870	-	-	2,675,771	95,916,548	1,058,657
Improvements	83,046,578	52,122,377	42,136,971	277,554	545,269	178,128,749	1,325,520
Machinery and equipment	398,399	1,098,550	102,186	83,749	553,018	2,235,902	13,107,924
Intangibles - software	-	-	-	-	-	-	209,856
Net pension asset	-	-	-	-	786,555	786,555	-
Total noncurrent assets	127,831,639	153,052,523	47,778,435	361,303	6,475,634	335,499,534	16,818,200
Total assets	151,986,508	187,584,698	55,163,993	6,614,294	18,482,505	419,831,998	42,125,414
DEFERRED OUTFLOWS OF RESOURCES							
Loss on refunding	265,940	-	-	199,440	-	465,380	-
Related to pensions	163,636	155,632	71,502	7,155	223,386	621,311	388,508
Total deferred outflows of resources	429,576	155,632	71,502	206,595	223,386	1,086,691	388,508
LIABILITIES							
Current liabilities:							
Accounts payable	2,268,281	1,499,281	223,257	37,671	484,091	4,512,581	1,050,225
Accrued wages and benefits	187,007	204,761	92,847	3,931	187,043	675,589	539,070
Due to other funds	-	1,608	958	-	-	2,566	-
Due to other governments	-	-	-	-	-	-	25,002
Other current liabilities	36,633	2,000	49,490	-	112,777	200,900	446,779
Current portion of noncurrent liabilities:							
Bonds payable, net	673,000	695,000	-	495,000	-	1,863,000	-
Compensated absences	254,260	277,797	84,974	7,085	329,525	953,641	544,305
Intergovernmental loans	585,461	-	657,926	-	-	1,243,387	-
Claims and judgments payable	-	-	-	-	-	-	786,382
Pollution remediation obligation	-	-	-	806,198	-	806,198	-
Total current liabilities	4,004,642	2,680,447	1,109,452	1,349,885	1,113,436	10,257,862	3,391,763

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

CITY OF BELLINGHAM
Statement of Net Position
Proprietary Funds
December 31, 2018

	Business-Type Activities - Enterprise Funds					Governmental Activities	
	Water	Wastewater	Surface and Stormwater	Solid Waste	Nonmajor Enterprise Fund Totals	Enterprise Fund Totals	Internal Service Funds
Noncurrent liabilities:							
Bonds payable, net	4,808,374	56,877,618	-	3,653,048	-	65,339,040	6,100,000
Compensated absences	29,086	10,258	10,028	-	17,762	67,134	90,262
Intergovernmental loans	9,993,380	17,742	4,091,379	-	-	14,102,501	-
Claims and judgments payable	-	-	-	-	-	-	165,000
Pollution remediation obligation	-	-	-	9,323,244	-	9,323,244	-
Other noncurrent liabilities					-	-	345,000
Net pension liability	916,836	871,991	400,618	40,089	824,474	3,054,008	2,176,762
Total noncurrent liabilities	15,747,676	57,777,609	4,502,025	13,016,381	842,236	91,885,927	8,877,024
Total liabilities	19,752,318	60,458,056	5,611,477	14,366,266	1,955,672	102,143,789	12,268,787
DEFERRED INFLOWS OF RESOURCES							
Related to pensions	355,964	338,553	155,541	15,565	569,781	1,435,404	845,136
Total deferred inflows of resources	355,964	338,553	155,541	15,565	569,781	1,435,404	845,136
NET POSITION							
Net investment in capital assets	110,785,450	88,181,004	43,029,130	361,303	5,295,693	247,652,580	16,818,200
Restricted:							-
Debt service	599,246	5,253,938	-	-	-	5,853,184	-
Capital improvements	989,908	4,286,447	-	-	-	5,276,355	-
Cemetery endowment / preneed	-	-	-	-	310,877	310,877	-
Pension asset	-	-	-	-	786,555	786,555	-
Rental property inspections	-	-	-	-	362,457	362,457	-
Unrestricted	19,933,198	29,222,332	6,439,347	(7,922,245)	9,424,856	57,097,488	12,581,799
Total net position	\$ 132,307,802	\$ 126,943,721	\$ 49,468,477	\$ (7,560,942)	\$ 16,180,438	\$ 317,339,496	\$ 29,399,999

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

CITY OF BELLINGHAM
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Water	Wastewater	Surface and Stormwater	Solid Waste	Nonmajor Enterprise Fund Totals	Enterprise Fund Totals	Internal Service Funds
Operating revenues:							
Sales of merchandise	\$ -	\$ -	\$ -	\$ -	\$ 79,640	\$ 79,640	\$ 2,450,512
Less: Cost of goods sold	-	-	-	-	(30,964)	(30,964)	(981,699)
Charges for services	27,921,131	25,518,227	8,635,868	-	13,737,316	75,812,542	35,040,113
Total operating revenues	27,921,131	25,518,227	8,635,868	-	13,785,992	75,861,218	36,508,926
Operating expenses:							
Labor	4,593,146	4,382,563	1,920,806	203,046	7,922,673	19,022,234	10,337,596
Supplies	1,434,628	1,657,121	305,437	4,178	386,043	3,787,407	2,449,341
Services	6,844,264	5,497,583	3,774,424	587,818	4,918,320	21,622,409	7,646,453
Depreciation	2,502,128	4,277,909	1,259,663	18,725	332,174	8,390,599	2,064,339
Taxes	5,876,012	3,370,546	1,070,710	-	37,466	10,354,734	1,194
Insurance	95,181	65,996	24,285	1,376	45,114	231,952	14,846,295
Claims	-	-	-	-	-	-	471,057
Total operating expenses	21,345,359	19,251,718	8,355,325	815,143	13,641,790	63,409,335	37,816,275
Operating income (loss)	6,575,772	6,266,509	280,543	(815,143)	144,202	12,451,883	(1,307,349)
Nonoperating revenues (expenses):							
External operating grants and subsidies	1,601,610	5,288	268,581	-	175,125	2,050,604	224,339
Operating assessments and tax levies	-	-	-	1,442,063	817,625	2,259,688	758,419
Investment interest	365,035	632,488	97,787	102,559	183,598	1,381,467	360,166
Net incr (decr) in fair value of investments	(49,963)	(121,189)	(4,499)	6,532	(19,170)	(188,289)	(22,179)
Interest expense and related charges	(282,862)	(2,523,213)	(73,358)	(132,236)	-	(3,011,669)	(335,030)
Gain (loss) on sale of capital assets	(2,397)	-	-	-	9,900	7,503	(134,706)
Other nonoperating revenues	120,800	40,979	3,770	9,503	3,396	178,448	176,969
Other nonoperating expenses	-	-	-	(699,488)	(809,341)	(1,508,829)	-
Total nonoperating revenues (expenses)	1,752,223	(1,965,647)	292,281	728,933	361,133	1,168,923	1,027,978
Income (loss) before contributions and transfers	8,327,995	4,300,862	572,824	(86,210)	505,335	13,620,806	(279,371)
Capital grants and contributions	2,051,449	456,962	1,999,510	-	-	4,507,921	-
Transfers in	575,000	428,400	1,000,000	-	43,480	2,046,880	4,918,766
Transfers out	(1,897,500)	(897,500)	(285,000)	(660,000)	(186,401)	(3,926,401)	(612,770)
Change in net position	9,056,944	4,288,724	3,287,334	(746,210)	362,414	16,249,206	4,026,625
Total net position - beginning	123,250,858	122,654,997	46,181,143	(6,814,732)	15,682,533	300,954,799	25,245,159
Prior period adjustment	-	-	-	-	135,491	135,491	128,215
Total net position - ending	\$ 132,307,802	\$ 126,943,721	\$ 49,468,477	\$ (7,560,942)	\$ 16,180,438	\$ 317,339,496	\$ 29,399,999

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, 2018

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Water	Wastewater	Surface and Stormwater	Solid Waste	Nonmajor Enterprise Fund Totals	Enterprise Fund Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from outside customers	\$ 27,082,316	\$ 24,919,275	\$ 8,479,104	\$ -	\$ 15,389,926	\$ 75,870,621	\$ 181,933
Receipts from interfund services provided	-	-	-	-	-	-	37,958,981
Payments to employees	(4,714,217)	(4,491,201)	(1,985,932)	(214,842)	(8,196,118)	(19,602,310)	(10,612,153)
Payments to suppliers and service providers	(9,826,593)	(7,882,850)	(2,258,313)	(470,100)	(3,180,606)	(23,618,462)	(22,385,026)
Payments to claimants	-	-	-	-	-	-	(584,957)
Payments for interfund services used	(3,518,152)	(2,881,864)	(2,907,827)	(306,218)	(2,327,745)	(11,941,806)	(3,540,595)
Other receipts	120,800	40,979	3,770	-	3,396	168,945	176,987
Other payments	-	-	-	-	(197)	(197)	-
Net cash from operating activities	9,144,154	9,704,339	1,330,802	(991,160)	1,688,656	20,876,791	1,195,170
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers in from other funds	575,000	428,400	-	-	43,480	1,046,880	2,185,990
Transfers out to other funds	(1,897,500)	(897,500)	(285,000)	(660,000)	(133,000)	(3,873,000)	(575,234)
Operating grants and loans	1,601,610	4,839	268,581	374	140,751	2,016,155	223,964
Principal payments on operating debt	-	-	-	(490,000)	-	(490,000)	-
Interest payments on operating debt	-	-	-	(134,220)	-	(134,220)	(335,030)
Excise tax receipts	-	-	-	1,442,063	809,144	2,251,207	752,514
Taxes passed to other governments	-	-	-	-	(809,144)	(809,144)	-
Net cash from noncapital financing activities	279,110	(464,261)	(16,419)	158,217	51,231	7,878	2,252,204
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES							
Transfers in from other funds	-	-	1,000,000	-	-	1,000,000	2,580,000
Local improvement district proceeds	-	2,380	-	-	-	2,380	-
Intergovernmental loan proceeds	4,655,718	17,742	-	-	-	4,673,460	-
Capital grants and loans	3,967,893	-	2,123,408	-	-	6,091,301	-
Principal payments on capital debt	(1,978,461)	(945,000)	(341,497)	-	-	(3,264,958)	-
Interest payments on capital debt	(287,734)	(2,666,236)	(73,358)	-	-	(3,027,328)	-
Purchases of capital assets	(12,487,166)	(1,530,363)	(3,716,729)	-	(53,401)	(17,787,659)	(4,467,600)
Sale of capital assets	-	-	-	-	14,900	14,900	180,438
Net cash from capital financing activities	(6,129,750)	(5,121,477)	(1,008,176)	-	(38,501)	(12,297,904)	(1,707,162)
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sales and maturity of investments	2,342,865	5,146,723	156,364	1,116,905	1,459,512	10,222,369	3,422,855
Purchase of investments	(4,530,910)	(11,713,556)	-	(68,836)	(2,076,269)	(18,389,571)	(3,236,900)
Interest and dividends received	348,902	595,082	95,850	103,625	177,101	1,320,560	351,420
Net cash from investment activities	(1,839,143)	(5,971,751)	252,214	1,151,694	(439,656)	(6,846,642)	537,375
Net increase (decrease) in cash and equivalents	1,454,371	(1,853,150)	558,421	318,751	1,261,730	1,740,123	2,277,587
Cash and cash equivalents - beginning of year	4,498,881	12,291,585	1,058,659	1,271,933	1,736,702	20,857,760	3,963,525
Cash and cash equivalents - end of year	\$ 5,953,252	\$ 10,438,435	\$ 1,617,080	\$ 1,590,684	\$ 2,998,432	\$ 22,597,883	\$ 6,241,112

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, 2018

	Business-Type Activities - Enterprise Funds					Governmental Activities	
	Water	Wastewater	Surface and Stormwater	Solid Waste	Nonmajor Enterprise Fund Totals	Enterprise Fund Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash from operating activities:							
Operating income (loss)	\$ 6,575,772	\$ 6,266,509	\$ 280,543	\$ (815,143)	144,202	\$ 12,451,883	\$ (1,307,349)
<i>Adjustments to reconcile operating income (loss) to net cash from operating activities:</i>							
Depreciation	2,502,128	4,277,909	1,259,663	18,725	332,174	8,390,599	2,064,339
Pension expense - proportionate share	(147,082)	(133,756)	(79,536)	(4,519)	(251,858)	(616,751)	(316,537)
Miscellaneous income	120,800	40,979	3,770	-	3,396	168,945	176,987
Miscellaneous expenses	-	-	-	-	(197)	(197)	-
(Increase) decrease in accounts receivable	(838,815)	(495,852)	(182,152)	-	117,813	(1,399,006)	2,613
(Increase) decrease in due from other funds	(1,608)	-	-	-	-	(1,608)	438,408
(Increase) decrease in due from other governments	-	-	-	-	1,342,669	1,342,669	4,268
(Increase) decrease in inventories	-	-	-	-	-	-	13,440
(Increase) decrease in prepaid items	-	-	-	-	-	-	(6,813)
Increase (decrease) in accounts payable	943,648	(149,893)	12,582	(182,946)	44,808	668,199	134,071
Increase (decrease) in wages and benefits payable	23,755	25,139	13,541	(6,279)	63,379	119,535	48,146
Increase (decrease) in revenues collected in advance	-	-	-	-	7,315	7,315	-
Increase (decrease) in due to other funds	-	1,608	958	-	-	2,566	-
Increase (decrease) in due to other governments	-	-	-	-	-	-	4,370
Increase (decrease) in other current liabilities	15,741	(103,100)	25,388	-	(1,588)	(63,559)	(44,468)
Increase (decrease) in other fees and taxes	(52,441)	(25,183)	(4,824)	-	(13,605)	(96,053)	(753)
Increase (decrease) in other long-term liabilities	2,256	(21)	869	(998)	(99,852)	(97,746)	(15,552)
Total Adjustments	2,568,382	3,437,830	1,050,259	(176,017)	1,544,454	8,424,908	2,502,519
Net cash from operating activities	\$ 9,144,154	\$ 9,704,339	\$ 1,330,802	\$ (991,160)	\$ 1,688,656	\$ 20,876,791	\$ 1,195,170
Schedule of noncash activities:							
Net change in fair value of investments	(49,963)	(121,189)	(4,499)	6,532	(19,170)	(188,289)	(22,179)
Contributions from developers	1,368,027	456,962	727,458	-	-	2,552,447	-
Fleet donations	-	-	-	-	(53,401)	(53,401)	113,031

CITY OF BELLINGHAM
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2018

	Pension and OPEB Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 5,597,623	\$ 391,867
Invested in government securities	16,342,054	-
Receivables, net	95,492	487
Interfund loans receivable	221,068	-
Total assets	22,256,237	392,354
LIABILITIES		
Accounts payable	20,587	151,181
Due to other governments	-	21,411
Accrued pension benefits	41,076	-
Other liabilities	-	219,762
Total liabilities	\$ 61,663	\$ 392,354
NET POSITION HELD IN TRUST		
Pension	12,520,196	
Other post employment benefits	9,674,378	
Total net position	\$ 22,194,574	

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

CITY OF BELLINGHAM
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2018

	Pension and OPEB Trust Funds
ADDITIONS	
<i>Contributions:</i>	
Employer contributions	\$ 4,027,479
Nonemployer contributions	142,572
Total trust contributions	<u>4,170,051</u>
<i>Investment income:</i>	
Interest	330,142
Net incr (decr) in fair value of investments	<u>(29,127)</u>
Net investment income	<u>301,015</u>
Total additions	<u><u>4,471,066</u></u>
DEDUCTIONS	
Benefit payments	948,871
Medical insurance	847,594
Administrative expenses	<u>93,275</u>
Total deductions	<u><u>1,889,740</u></u>
Change in net position	2,581,326
Total net position - beginning	<u>19,613,248</u>
Total net position - ending	<u><u>\$ 22,194,574</u></u>

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



CITY OF BELLINGHAM
Notes to the Basic Financial Statements
December 31, 2018
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1. 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.

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, a museum, three libraries, a parking enterprise, a cemetery and an aquatic facility. The City operates police and fire dispatch centers that are jointly funded by local entities. The City's financial statements include all of these operations that are controlled by or are dependent on the City.

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

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

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

Discretely presented component units

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

The City issued bonds on behalf of the PFD in 2004 which were refunded in 2012 by the City to achieve debt savings. The PFD issued bonds in 2007 and these bonds were advance refunded and defeased in 2016 by the City also to achieve debt savings. The City issued the 2016 refunding bonds on behalf of the PFD. Payments for both bonds issued by the City on behalf of the PFD are expected to be made from PFD tax revenues. The PFD is obligated under interlocal agreement 2016-0268 to repay the City for both of these bonds. Given that the PFD is legally separate from the City, the PFD's board is appointed by the

City, the City can impose its will on the PFD, and none of the criteria in GASB No. 61 paragraph eight apply to the PFD, the PFD qualifies as a discrete component unit.

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

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

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

The statement of activities shows the degree that the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Our policy is to allocate indirect costs to a specific function or segment. *Program revenues* include 1) charges to customers or applicants 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. Internally dedicated resources are reported as general revenues rather than program revenues. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for services that are also offered to the general public. 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 expense.

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

The City reports the following major governmental funds:

The *General fund* is the City's operating fund. It accounts for all financial resources of the general government, except those required or elected to be accounted for in another fund. Beginning in 2011, street maintenance was added as part of the *General fund* presented in the CAFR. In 2012, 11 additional former special revenue funds were reported in the *General fund* to comply with GASB Statement No. 54. As of 2017, there are a total of eight funds in addition to the originally budgeted General fund that roll up as part of the combined *General fund* presented in the CAFR. These additional former special revenue funds, now referred to as *General fund subsidiaries*, are budgeted separately from the *General fund* and have individual budget and actual statements included in the combining and individual fund statements. See RSI for the composition of the *General fund*.

The City reports the following four major proprietary funds:

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

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

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

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

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

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

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.

C. Measurement focus, basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cashflows. 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.

The 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General

capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered measurable and available only when cash is received by the government.

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

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

Deposits and investments

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

Investments for the City as well as for its component units are reported at fair value. The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the LGIP is the same as the fair value of the pool shares. Investments are reported separately on the balance sheet. Excess cash balances of all City funds are pooled and invested. The annual change in investment balances is shown net of "Proceeds from sales and maturity of investment securities" and "Purchase of investments" on the statement of cash flows.

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

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

Receivables

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

- 1) Interest receivable consists of amounts earned, but not received, on investments.
- 2) Notes and contracts receivable consists of principal amounts owed on open accounts from private individuals or organizations for goods and services rendered.

- 3) Special assessments are recorded when levied. Special assessments receivable consists of current and delinquent assessments and related interest and penalties.
- 4) During the year, property tax revenues are recognized when received. There is no allowance for uncollectible taxes. The City considers delinquent taxes fully collectible.

Interfund activity

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

Inventories and prepaid items

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

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

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

Capital assets

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

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

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

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

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

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

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

Deferred outflows/inflows of resources

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

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

Compensated absences

City policy permits employees to accumulate unused vacation leave. Vacation leave is earned at rates established in individual bargaining unit agreements. Each employee may accumulate up to double their established annual accrual rate. Unused vacation is payable upon termination of employment. Upon retiring, contractual limitations have been imposed on PERS I employees to limit vacation payout to a maximum of 240 hours. Currently, certain bargaining groups (by individual contracts) are also eligible for an annual vacation leave cash out program. Employees with accumulated banks of at least 88 hours on October 15 of each of year, have the option of cashing out a minimum of 8 hours to a maximum of 40 hours of vacation leave accumulated. Employee banks will be reduced by the number of hours cashed out and balance of at least 80 hours of accrued vacation leave must remain in the bank when the transaction is complete. Vacation liabilities are recorded at year-end in full accrual funds and in the government-wide statements.

City policy permits employees to accumulate unused sick leave. Sick leave is earned at rates established in individual bargaining unit agreements. Each employee may accumulate a maximum of 1040 hours approximately. This number varies based upon which union you are in. Unused sick leave is payable upon termination only to LEOFF II employees. LEOFF II employees may cash out up to 150-300 hours of their accumulated sick leave balance upon retirement depending upon whether they are fire or police employees. The City maintains a liability in the proprietary funds for future sick leave cash-out payments. Currently, both the Teamsters 231 and AFSCME 114 bargaining groups are also eligible for an annual optional sick leave cash out program. Employees with accumulated banks of at least 480 hours on December 15 of each year, have the option of cashing out 25 percent of sick leave hours

accumulated and not used in the prior twelve-months. Employees with 720 hours, have the option of cashing out 50 percent, and employees with 960 hours receive automatic compensation of 48 hours with no leave bank reduction.

Pensions

The net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the City of Bellingham Firefighters' (FFP), City of Bellingham Police Officers' (POP), and the Washington State Department of Retirement Systems (DRS) pension plans', and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by each plan. For this purpose, plan contributions (if applicable) are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other post-employment benefits (OPEB)

The total liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position of the City of Bellingham Firefighters' (FHC), City of Bellingham Police Officers' (PHC) healthcare plans', and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by each plan. For this purpose, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long-term obligations

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

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

Restricted assets

Enterprise funds have accounts that contain resources for construction and debt services. Certain proceeds of the water and sewer funds' revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position in compliance with applicable bond covenants. The amount of these restricted assets is reported in the long-term debt note.

Contributions of capital

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

Estimates

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

Comparative data/reclassifications

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

Fund balance

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

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

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

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

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Items are assigned by the Mayor or the Mayor's designee within City funds and within City departments. Fund balance may be assigned by the Finance Director or Budget Manager. The Financial Management Guidelines written and endorsed by the Bellingham City Council with Resolution No. 2010-17 establishes the authority to assign fund balance amounts.

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

Spending prioritization in using available resources

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

Fund reserve goals

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

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

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

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

Net position

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

Biennial appropriated budgets are adopted for the general, special revenue and debt service funds on a basis consistent with generally accepted accounting principles (GAAP). Capital project funds adopt budgets on an individual project basis. Proprietary and fiduciary funds are budgeted for management purposes only. National Council on Governmental Accounting Statement No. 1 requires financial statements presenting budgetary comparisons for governmental fund types only.

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

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

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

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

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

B. Deficit fund equity

As of December 31, 2018, the following funds reported deficits in fund balance or fund equity:

Fund 440 – The Solid Waste fund has a deficit net position of \$7.6 million. This deficit is due to 1) In 2005 the City issued bonds totaling \$8.7 million, and in 2014 issued bonds totaling \$5.5 million to advance refund and defease bonds maturing in years 2020-2025. The *Solid Waste fund* has a bond payable liability of \$4.1 million at December 31, 2018. The purpose of the 2005 bonds was to finance (a) the environmental cleanup of the Holly Street landfill, (b) the City's share of the environmental cleanup of the Cornwall Avenue and Central Waterfront landfill sites by the Port of Bellingham, and (c) the acquisition of the Colony Wharf property adjacent to the Roeder Avenue landfill. In 2006, the *Solid Waste fund* sold Colony Wharf to the *General fund*, so it no longer has the asset, but still has a liability for the debt. The remediation expenses did not increase assets. 2) Per GASB 49, the City has a net pollution remediation liability in the *Solid Waste fund* of \$10.1 million at December 31, 2018. The utility tax received by the *Solid Waste fund* was increased from 7% to 11.5% effective May 1, 2005, in order to accommodate the debt service requirements for the projects funded from bond proceeds. The deficit will be reduced as the bonds payable liability is reduced and also as the pollution remediation liability is reduced. See note 14 for further discussion on pollution remediation.

Fund 530 – The Facilities Administration fund has a deficit net position of \$4.5 million. This deficit is largely due to issuing qualified energy conservation bonds in 2011 to finance noncapital improvements in over 20 City owned municipal buildings. These improvement expenses did not increase assets. The deficit will be eliminated when the bonds mature in 2025. These are term bonds; principal is due in full on the maturity date. The *Facilities Administration fund* has a long-term bond payable liability of \$6.1 million at December 31, 2018.

Fund 570 – The Public Works Admin and Engineering fund has a deficit net position of \$789 thousand. As an internal service fund, this fund provides services to other funds within the government and is reimbursed based on an allocation for these costs. In 2015, the recovery costs charged to the funds that received labor and benefits from fund 570 was an estimate of the actual costs incurred and the estimate was too low to recover all costs incurred. In 2016, 2017 and 2018, this deficit issue has improved and should continue to improve in the future due to allocating the actual costs incurred in fund 570 amongst the funds receiving the benefits. Additionally, there is a deficit in this fund because of the net pension liability of \$1 million at December 31, 2018. This liability is a result of GASB 68's implementation and has been allocated to this fund based on the employees home-funded here.

C. Excess of expenditures over appropriations

As of December 31, 2018, there has been no material violation of finance related legal or contractual provisions in any City governmental fund.

3. Deposits and investments

Deposits

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

Investments

The City invests excess and inactive funds, in accordance with City Investment Policy and Washington State statute, RCW 35A.40.060. The government utilizes a pooled investment concept for all its funds to maximize its investment program. Investments are valued at fair value as of December 31, 2018 and investments with a purchase life of less than one year are reported at cost.

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

Interest rate risk

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

Credit risk

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

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Per the City's Investment Policy, the City diversifies its investments by security type and institution with no more than 50% of the City's total investment portfolio invested in a single security type or with a single financial institution.

Foreign currency risk

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

Custodial credit risk

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

Fair value of deposits and investments at December 31, 2018

Deposit and investment type / issuer	Fair value	Maturity period			% of total	Moody's rating
		≥ 3 months	4-12 months	1-5 years		
Cash and cash equivalents						
Local Government Investment Pool (LGIP)	\$ 35,858,075	\$ 35,858,075	\$ -	\$ -		unrated
Deposits	28,706,935	28,706,935	-	-		unrated
Total cash and cash equivalents	64,565,010	64,565,010	-	-		
Investments at fair value						
U.S. Government Sponsored Agency Securities (implicitly guaranteed):						
Farmer MAC (FMAC)	13,987,127	-	-	13,987,127	7.47%	Aaa
Federal Farm Credit Bank (FFCB)	17,495,833	-	-	17,495,833	9.34%	Aaa
Federal Home Loan Bank (FHLB)	41,294,165	2,994,792	4,978,620	33,320,753	22.05%	Aaa
Federal Home Loan Mortgage Corp. (FHLMC)	51,207,431	-	14,924,605	36,282,826	27.34%	Aaa
Federal National Mortgage Association (FNMA)	52,503,152	4,988,915	12,407,495	35,106,742	28.03%	Aaa
Municipal Bonds:						
Oregon State School Boards Association	2,586,363	-	-	2,586,363	1.38%	Aa1
Travis County Texas GO LTD	2,866,800	-	-	2,866,800	1.53%	Aa1
Oregon State GO	494,115	-	-	494,115	0.26%	Aaa
WA State GO Bond	4,871,400	-	-	4,871,400	2.60%	Aa1
Total investments at fair value	187,306,386	7,983,707	32,310,720	147,011,959	100.00%	
Total deposits and investments	\$ 251,871,396	\$ 72,548,717	\$ 32,310,720	\$ 147,011,959		
Less:						
Fiduciary fund deposits and investments	(22,331,544)					
Statement of net postion total	\$ 229,539,852					

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

Public Facilities District	
Cash and cash equivalents	
Local Government Investment Pool (LGIP)	\$ 321,099
Deposits	257,062
Total cash and cash equivalents	578,161
Investments at fair value	
U.S. Government Sponsored Agency Securities	1,592,152
Municipal Bonds	97,599
Total investments	1,689,751
Total deposits and investments	\$ 2,267,912

Fair value hierarchy

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

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

Fair value hierarchy at December 31, 2018

Investments by fair value level	Quoted prices level 1	Significant observable inputs level 2	Significant unobservable inputs level 3	Totals
U.S. Government Sponsored Agency Securities	\$ -	\$ 176,487,708	\$ -	\$ 176,487,708
Municipal Bonds	-	10,818,678	-	10,818,678
Local Government Investment Pool (LGIP) *	-	35,858,075	-	35,858,075
Total investments by fair value level	\$ -	\$ 223,164,461	\$ -	\$ 223,164,461

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

4. 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, 2018

	Governmental funds		Nonmajor governmental			
	General		General			
Taxes	\$ 5,001,702		\$ 1,362,660			
Accounts	13,980,319		14,491			
Gross receivables	18,982,021		1,377,151			
Less: allow. for uncolle	(12,402,949)		-			
Total governmental	\$ 6,579,072		\$ 1,377,151			

Proprietary funds	Water	Waste water	Surface & stormwater	Solid waste	Nonmajor enterprise	Internal service
Interest	\$ 66,948	\$ 118,345	\$ 18,384	\$ 17,889	\$ 33,478	\$ 70,175
Taxes					\$ 143,971	133,958
Accounts	1,695,319	1,416,438	495,546	-	1,669,180	8,411
Gross receivables	1,762,267	1,534,783	513,930	17,889	1,846,629	212,544
Less: allow. for uncolle	-	-	-	-	(1,279,077)	-
Total business-type	\$ 1,762,267	\$ 1,534,783	\$ 513,930	\$ 17,889	\$ 567,552	\$ 212,544

	Fiduciary funds		Guaranty Deposit	
	Pension		Pension	
Interest	\$ 62,942		\$ -	
Taxes	30,146		-	
Accounts	2,404		487	
Total fiduciary	\$ 95,492		\$ 487	

5. Property taxes

The Whatcom County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities.

Property tax calendar	
January 1	Tax is levied and becomes an enforceable lien against properties.
February 14	Tax bills are mailed.
April 30	First of two equal installment payments is due.
May 31	Assessed value of property is established for the following year's levy at 100 percent of market value.
October 31	Second of two equal installment payments is due.

Property tax is recorded as a receivable and revenue when levied. Property tax collected in advance of the fiscal year to which it applies is recorded as a deferred inflow and recognized as revenue of the period to which it applies. No allowance for uncollectible tax is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principal, and delinquent taxes are evaluated annually.

Washington State Constitution and Washington State law, RCW 84.55.010, limit the regular levy rate.

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

The Cities levy for 2018, was \$1.611 per \$1,000 on an assessed valuation of \$10,821,250,697 for a total regular levy of \$17,437,838.

Special levies approved by the voters are not subject to the same City statutory limitations. In 2018, the taxpayers levied an additional \$0.739 per \$1,000 for a total additional special levy of \$8,003,083.

Property tax levies 2018			
Purpose of Levy	Type	Rate/\$1,000	Tax
General fund	regular levy	\$ 1.381	\$ 14,947,906
Fire pension	regular levy	0.225	2,434,781
New What RDA LIFT	regular levy	0.005	55,151
Total regular levy		1.611	17,437,838
Affordable Housing	special levy	0.277	3,000,000
Greenways III - parks	special levy	0.462	5,003,083
Total special levy		0.739	8,003,083
Total Levy		\$ 2.350	\$ 25,440,921

6. Capital assets

Capital asset activity for the year ended December 31, 2018, is summarized as follows:

Primary government				
	Beginning balance 1/1/2018	Additions	Reductions	Ending balance 12/31/2018
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 83,209,112	\$ 2,790,765	\$ (510,929)	\$ 85,488,948
Improvements	17,614,900	-	-	17,614,900
Construction in progress	10,997,006	4,338,205	(8,799,923)	6,535,288
Intangibles - right of ways	56,212,651	2,774,038	-	58,986,689
Total capital assets, not being depreciated	168,033,669	9,903,008	(9,310,852)	168,625,825
Capital assets being depreciated/amortized:				
Buildings	47,024,861	-	-	47,024,861
Improvements other than buildings	289,559,401	35,051,161	(108,226)	324,502,336
Machinery and equipment	30,568,213	3,432,236	(1,543,217)	32,457,232
Intangibles - software	5,702,718	-	(1,081,253)	4,621,465
Total capital assets being depreciated/amortized	372,855,193	38,483,397	(2,732,696)	408,605,894
Less accumulated depreciation/amortization for:				
Buildings	(21,040,678)	(904,644)	-	(21,945,322)
Improvements other than buildings	(126,648,011)	(8,327,228)	108,226	(134,867,013)
Machinery and equipment	(15,724,930)	(2,484,707)	1,228,072	(16,981,565)
Intangibles - software	(3,871,821)	(298,169)	1,081,253	(3,088,737)
Total accumulated depreciation/amortization	(167,285,440)	(12,014,748)	2,417,551	(176,882,637)
Total capital assets, being depreciated/amortized, net	205,569,753	26,468,649	(315,145)	231,723,257
Governmental activities capital assets, net	<u>\$ 373,603,422</u>	<u>\$ 36,371,657</u>	<u>\$ (9,625,997)</u>	<u>\$ 400,349,082</u>

Business-type activities	Beginning balance 1/1/2018	Additions	Reductions	Ending balance 12/31/2018
Capital assets not depreciated/amortized:				
Land	\$ 46,154,351	\$ 893,242	\$ -	\$ 47,047,593
Construction in progress	12,589,705	8,728,441	(19,963,232)	1,354,914
Intangibles - right of ways	206,111	-	-	206,111
Total capital assets, not being depreciated/amortized	58,950,167	9,621,683	(19,963,232)	48,608,618
Capital assets depreciated/amortized:				
Buildings	156,379,316	-	-	156,379,316
Improvements other than buildings	259,517,293	30,617,460	(36,223)	290,098,530
Machinery and equipment	6,518,772	10,793	(212,619)	6,316,946
Intangibles - software	483,586	-	(199,261)	284,325
Total capital assets, being depreciated/amortized	422,898,967	30,628,253	(448,103)	453,079,117
Less accumulated depreciation/amortization for:				
Buildings	(57,665,733)	(2,797,035)	-	(60,462,768)
Improvements other than buildings	(106,849,714)	(5,156,286)	36,219	(111,969,781)
Machinery and equipment	(3,848,988)	(437,278)	205,222	(4,081,044)
Intangibles - software	(483,585)	-	199,260	(284,325)
Total accumulated depreciation/amortization	(168,848,020)	(8,390,599)	440,701	(176,797,918)
Total capital assets, being depreciated/amortized, net	254,050,947	22,237,654	(7,402)	276,281,199
Business-type activities capital assets, net	<u>\$ 313,001,114</u>	<u>\$ 31,859,337</u>	<u>\$ (19,970,634)</u>	<u>\$ 324,889,817</u>

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

Governmental activities	
General governmental	\$ 255,134
Public safety	983,396
Transportation	6,672,702
Cultural and recreational	1,973,191
Economic environment	65,986
Internal service fund capital assets are charged to various functions based on the usage of the assets	2,064,339
Total depreciation expense - governmental activities	<u>\$ 12,014,748</u>
Business-type activities	
Cemetery	\$ 2,940
Water	2,502,128
Wastewater	4,277,909
Storm and surface water	1,259,663
Solid waste	18,725
Golf	48,695
Parking	123,925
Medic one	156,614
Total depreciation expense - business-type activities	<u>\$ 8,390,599</u>

Capital asset activity for the year ended December 31, 2018, is summarized as follows:

Discretely presented component unit				
Bellingham-Whatcom Public Facility District	Beginning Balance 1/1/2018	Additions	Reductions	Ending Balance 12/31/2018
Capital assets not depreciated:				
Land	\$ 1,329,860	\$ -	\$ -	\$ 1,329,860
Total assets not depreciated	1,329,860	-	-	1,329,860
Capital assets depreciated:				
Buildings	19,094,610	-	-	19,094,610
Improvements other than buildings	9,070,078	-	-	9,070,078
Total assets being depreciated	28,164,688	-	-	28,164,688
Less accumulated depreciation for:				
Buildings	(5,552,428)	(329,015)	-	(5,881,443)
Improvements other than buildings	(2,604,975)	(276,854)	-	(2,881,829)
Total accumulated depreciation	(8,157,403)	(605,869)	-	(8,763,272)
Total capital assets being depreciated, net	20,007,285	(605,869)	-	19,401,416
Public Facilities District capital assets, net	<u>\$ 21,337,145</u>	<u>\$ (605,869)</u>	<u>\$ -</u>	<u>\$ 20,731,276</u>

7. Interfund receivables, payables and transfers

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

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

Interfund balances at December 31, 2018

	Interfund loans receivable	Interfund loans payable	Due from other funds	Due to other funds
General	\$ -	\$ 1,987,901	\$ 54,024	\$ -
Nonmajor governmental	1,766,833	-	-	53,066
Water	-	-	1,608	-
Wastewater	-	-	-	1,608
Surface and storm	-	-	-	958
Fiduciary	221,068	-	-	-
Total government-wide	<u>\$ 1,987,901</u>	<u>\$ 1,987,901</u>	<u>\$ 55,632</u>	<u>\$ 55,632</u>

Internal balances between governmental activities and business type activities \$ 958

Greenways Endowment fund made a \$3,232,022 loan to the Greenways III fund in 2011 for a land purchase. In 2013, the Chuckanut Community Forest Park District was formed by voter approval for the express purpose of paying off the Greenways III fund loan (Interlocal Agreement 2013-0624). The District has levied a property tax of \$0.28 per thousand dollars of assessed valuation to repay the Greenways Endowment fund for this land purchase. The loan is scheduled to be repaid over ten years, beginning in 2014. The loan repayment is based on a variable rate of interest equal to the current rate of return on investments not to exceed 3% annually. In addition, the Chuckanut Community Forest Park District's payment increases from 50% to 90% of the tax levy received over the first three years of the agreement. There is \$1,766,833 remaining on this loan at year-end, and of that amount an estimated \$1,287,741 will not be repaid in 2019.

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, 2018

	Transfers In	Transfers Out							Internal service
		General	Nonmajor governmental	Water	Wastewater	Surface & stormwater	Solid waste	Nonmajor enterprise	
General	\$ 1,083,000	\$ -	\$ (650,000)	\$ (157,500)	\$ (157,500)	\$ (45,000)	\$ -	\$ (73,000)	\$ -
Nonmajor governmental	1,966,876	(1,366,876)	-	-	-	-	(600,000)	-	-
Water	575,000	(575,000)	-	-	-	-	-	-	-
Wastewater	428,400	(428,400)	-	-	-	-	-	-	-
Surface & stormwater	1,000,000	-	-	(1,000,000)	-	-	-	-	-
Nonmajor enterprise	43,480	(43,480)	-	-	-	-	-	-	-
Internal service	4,918,766	(2,379,933)	(32,662)	(740,000)	(740,000)	(240,000)	(60,000)	(113,401)	(612,770)
Total	\$ 10,015,522	\$ (4,793,689)	\$ (682,662)	\$ (1,897,500)	\$ (897,500)	\$ (285,000)	\$ (660,000)	\$ (186,401)	\$ (612,770)

8. Operating leases

The City leases radio towers, urban village library space, off-site data servicing facilities, fiber optics, office spaces, storage units, office equipment including photocopiers, postage machines, and scanners under operating lease agreements. Operating leases do not give rise to property rights or lease obligations and therefore the results of the lease agreements are not reflected in the City's statement of net position. Total operating lease expenditures for 2018 were \$515,380. The future minimum lease payments for non-cancelable leases are as follows:

Future minimum lease payments at December 31, 2018

2019	\$	453,071
2020		273,009
2021		104,286
2022		28,457
2023		10,852
Total	\$	<u>869,674</u>

9. Capital construction commitments

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

Construction commitments as of December 31, 2018

	Spent to date	Remaining commitment
Parks projects	\$ 1,480,363	\$ 2,524,859
Street projects	3,978,784	5,410,413
Water projects	557,990	1,844,957
Wastewater projects	202,798	2,282,969
Stormwater projects	594,126	1,153,875
Communication project	1,327,733	82,817
	<u>\$ 8,141,794</u>	<u>\$ 13,299,890</u>

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

10. Long-term debt

General obligation bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the government. The City has issued general obligation bonds to finance improvements in over 20 City buildings to reduce energy consumption, acquisition of the Sportsplex building, improvements to the Civic Field Stadium, construction of the Whatcom Art and Children's Museum, renovations to Mount Baker Theater, pollution remediation activities, and refunding of previously issued bonds. General obligation bonds have been issued for both governmental and business-type activities and are being repaid from the applicable resources. The 2011 QEC bond is being repaid by the Facilities Administration fund. The City's portion of the 2012 LTGO Refunding bond is being repaid by general governmental revenue sources and the PFD is repaying its portion of the bond, per the Financing Agreement. The PFD is also repaying the 2016 LTGO Refunding bonds. The 2014 LTGO bonds are being repaid by the Solid Waste fund.

General obligation bonds outstanding December 31, 2018					
Name of issuance/purpose	Original issue amount	Issue date	Maturity date	Interest rates	Debt outstanding
Governmental activities					
11 LTGO QEC Energy Conservation Improv	\$ 6,480,000	04/27/11	12/01/25	5.43%	\$ 6,100,000
12 LTGO Rfdg of 04 Civic Fld/Sportsplex/PFD	14,370,000	03/29/12	12/01/28	2.00 - 4.00%	7,895,000
16 LTGO Rfdg of 07 PFD bond A Museum/Theater	8,815,000	04/20/16	12/01/27	.60 - 4.00%	8,815,000
16 LTGO Rfdg of 07 PFD bond B Museum/Theater	825,000	04/20/16	12/01/19	.60 - 4.00%	480,000
Total governmental activities	30,490,000				23,290,000
Business-type activities					
14 LTGO Solid Waste Rfdg A Pollution Remediation	3,170,000	12/17/14	12/01/25	3.00 - 4.00%	3,170,000
14 LTGO Solid Waste Rfdg B Pollution Remediation	2,280,000	12/17/14	12/01/20	.40 - 2.35%	770,000
Total business-type activities	5,450,000				3,940,000
Total general obligation bonds outstanding	<u>\$ 35,940,000</u>				<u>\$ 27,230,000</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
2019	\$ 1,350,000	\$ 907,055	\$ 2,257,055	\$ 495,000	\$ 124,555	\$ 619,555
2020	1,460,000	878,755	2,338,755	520,000	113,913	633,913
2021	1,595,000	828,055	2,423,055	560,000	100,100	660,100
2022	1,730,000	772,055	2,502,055	575,000	83,300	658,300
2023	1,875,000	711,405	2,586,405	555,000	66,050	621,050
2024-2028	15,280,000	1,437,485	16,717,485	1,235,000	74,600	1,309,600
Total	<u>\$ 23,290,000</u>	<u>\$ 5,534,810</u>	<u>\$ 28,824,810</u>	<u>\$ 3,940,000</u>	<u>\$ 562,518</u>	<u>\$ 4,502,518</u>

As of December 31, 2018, the City has \$3,311,861 available in debt service funds and \$9,556 in the Facilities Administration fund to service the general bonded debt.

Revenue bonds

The City has issued revenue bonds to finance the acquisition and construction of improvements to capital assets relating to improving the water/wastewater system, and also the refunding of previously issued revenue bonds. These assets include real property purchased in the Lake Whatcom Watershed in order to preserve water quality, improvements to the City's water supply/distribution system and wastewater collection/disposal system, expansion of and improvements to Post Point Wastewater Plant, construction of a 3.5 million gallon reservoir with offsite piping, and pipeline replacements. When issuing revenue bonds, the City pledges future income derived from the acquired or constructed assets to pay the debt service.

Revenue bonds outstanding December 31, 2018

Name of issuance/purpose	Original issue amount	Issue date	Maturity date	Interest rates	Debt outstanding
Business-type activities					
11 Water/Sewer system improvements	42,655,000	09/27/11	08/01/41	2.00 - 5.00%	38,965,000
12 Water/Sewer Rfdg 04 bond system imprvmts	3,275,000	03/29/12	08/01/24	2.00 - 4.00%	2,120,000
13 Water/Sewer system improvements	15,785,000	08/27/13	08/01/43	4.25 - 5.00%	15,785,000
15 Water/Sewer Rfdg 06 bond system imprvmts	4,035,000	11/10/15	08/01/26	2.17%	3,234,000
Total revenue bonds outstanding	<u>\$ 65,750,000</u>				<u>\$ 60,104,000</u>

Revenue bond annual debt service requirements to maturity

Year ending December 31	Business-type activities		
	Principal	Interest	Total requirements
2019	\$ 1,368,000	\$ 2,767,464	\$ 4,135,464
2020	1,417,000	2,720,420	4,137,420
2021	1,466,000	2,671,781	4,137,781
2022	1,523,000	2,617,946	4,140,946
2023	1,575,000	2,561,809	4,136,809
2024-2028	8,915,000	11,853,439	20,768,439
2029-2033	11,315,000	9,554,594	20,869,594
2034-2038	14,330,000	6,537,243	20,867,243
2039-2043	18,195,000	2,671,079	20,866,079
Total	<u>\$ 60,104,000</u>	<u>\$ 43,955,775</u>	<u>\$ 104,059,775</u>

The revenue bonds listed above will be repaid solely from water/wastewater system net income and are payable through 2043. The total principal and interest remaining to be paid on the bonds is \$104,059,775. Principal and interest expense for the current year and total net available income were \$5,155,506 and \$28,183,595 respectively.

To service revenue bond debt, \$4,189,743 is available in the reserve accounts of the Water and Wastewater enterprise funds as of December 31, 2018 in compliance with applicable bond covenants.

Water and Sewer revenue bond covenants require that revenue available for debt service (defined as operating and nonoperating revenues less expenses requiring payment to outside entities) exceed the annual debt payment of both principal and interest by a ratio of 1.25 times the maximum annual debt service (see statistical section). The City complies with bond covenants, with a current ratio coverage of

5.43%. There are numerous limitations and restrictions contained in the various bond indentures. The City is in compliance with all debt covenants.

In proprietary funds, unamortized debt issue costs for insurance are recorded as an asset and bonds are displayed net of premium or discount; annual interest expense is decreased by amortization of debt premium and increased by the amortization of debt issue costs and discount.

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

Notes payable

The City is liable for a note that was entered into for the purchase the Big Rock Garden Nursery property. This note is considered an obligation of the general government and is being repaid from general governmental revenue sources.

Notes payable debt outstanding December 31, 2018					
Name of issuance/purpose	Original issue amount	Issue date	Maturity date	Interest rates	Debt outstanding
Governmental activities					
Big Rock Garden property purchase	\$ 225,000	12/31/92	12/31/22	7.00%	\$ 62,504
Total notes payable outstanding	<u>\$ 225,000</u>				<u>\$ 62,504</u>

Notes payable annual debt service requirements to maturity						
Year ending December 31	Governmental activities			Business-type activities		
	Principal	Interest	Total requirement	Principal	Interest	Total requirement
2019	\$ 14,033	\$ 3,931	\$ 17,964	\$ -	\$ -	\$ -
2020	15,047	2,916	17,963	-	-	-
2021	16,135	1,829	17,964	-	-	-
2022	17,289	662	17,951	-	-	-
Total	<u>\$ 62,504</u>	<u>\$ 9,338</u>	<u>\$ 71,842</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Government loans

The City has received government loans to provide for construction of capital projects. The City's current loan agreements are with the Public Works Trust Fund (PWTF) through Washington State Department of Community Development, Economic Development Investment (EDI) program through Whatcom County, Washington State Water Pollution Control Revolving Fund through the Department of Ecology (DOE), Office of Safe Drinking Water through the Department of Health (DOH) and the Washington State Certificate of Participation (COP) program.

The governmental activity loans are obligations of the general government and will be paid with general governmental revenue sources. The business-type activity loans will be paid from the applicable proprietary fund. The business-type PWTF loan and the DOH loan are being repaid from the Water fund. The Surface and Stormwater funds is repaying five DOE loans and one EDI loan. The Sewer fund will be repaying one DOE loan.

Government loan debt outstanding December 31, 2018					
Name of issuance/purpose	Original issue amount	Issue date	Maturity date	Interest rates	Debt outstanding
Governmental activities					
PWTF - Street Resurfacing	\$ 2,975,000	07/25/02	07/01/22	0.50%	\$ 631,740
EDI - West Bakerview Overpass	350,000	03/29/12	03/29/19	1.00%	51,505
2014 WA State COP - Six Ambulances	867,507	08/28/14	06/01/24	2.13%	571,445
2015 WA State COP - LED Lights	3,205,000	09/24/15	12/01/27	2.70%	2,590,000
Total governmental activities	7,397,507				3,844,690
Business-type activities					
PWTF Water Main Replacement	1,938,000	07/25/02	07/01/22	0.50%	409,134
DOH Water Pre-treatment Plant	10,652,884	05/27/15	10/01/34	1.50%	10,169,707
DOE L1200033 Padden Creek Daylighting	1,426,000	05/10/13	12/31/36	2.60%	1,285,592
DOE L1400025 Texas/Columbia Storm Mains	1,414,000	12/31/14	12/31/23	1.10%	1,414,000
DOE L1300017 Squalicum Crk Reroute Ph I	528,632	07/01/15	12/31/36	2.70%	492,209
DOE L1400010 Squalicum Crk Reroute Ph II	543,536	07/01/15	12/31/36	2.30%	511,146
DOE EL160594 Squalicum Crk Reroute Ph III	74,953	11/09/16	12/31/38	2.40%	74,953
DOE EL190008 Roeder Lift Station Imprv	17,742	06/01/18	10/01/40	1.50%	17,742
EDI North End Regional Stormwater Facility	1,675,000	12/18/15	12/18/22	1.00%	971,405
Total business-type activities	18,270,747				15,345,888
Total governmental loans outstanding	<u>\$ 25,668,254</u>				<u>\$ 19,190,578</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
2019	\$ 533,182	\$ 139,159	\$ 672,341	\$ 1,243,387	\$ 201,910	\$ 1,445,297
2020	495,971	121,560	617,531	1,350,168	232,554	1,582,722
2021	515,486	103,755	619,241	1,385,371	204,133	1,589,504
2022	530,232	84,969	615,201	1,395,589	194,382	1,589,971
2023	392,287	65,440	457,727	889,641	185,095	1,074,736
2024-2028	1,377,532	120,013	1,497,545	3,864,108	643,653	4,507,761
2029-2033	-	-	-	4,150,166	309,107	4,459,273
2034-2036	-	-	-	1,067,458	43,874	1,111,332
Total	<u>\$ 3,844,690</u>	<u>\$ 634,896</u>	<u>\$ 4,479,586</u>	<u>\$ 15,345,888</u>	<u>\$ 2,014,708</u>	<u>\$ 17,360,596</u>

The following table is a summary of the changes in long-term liabilities for the year ended December 31, 2018. The portion of the long-term debt due within one year is noted in the table on the far right and is broken out on the Statement of Net Position from the rest of the long-term debt balance. The City of Bellingham did not enter into any short-term debt activity during the year nor does it have any short-term debt outstanding at year-end.

Summary of changes in long-term liabilities for the year ended December 31, 2018

Debt type	Beginning balance	Additions	Reductions	Ending balance	Due in ≤ 1 year	Due in > 1 year
Governmental activities						
Bonds payable						
General obligation bonds	\$ 18,755,000	\$ -	\$ (1,565,000)	\$ 17,190,000	\$ 1,350,000	\$ 15,840,000
Premium	1,698,534	-	(163,618)	1,534,916	-	1,534,916
Taxable energy conservation bon	6,100,000	-	-	6,100,000	-	6,100,000
Total bonds payable	26,553,534	-	(1,728,618)	24,824,916	1,350,000	23,474,916
Government loans	4,363,277	-	(518,587)	\$ 3,844,690	533,182	3,311,508
Premium	363,312	-	(41,807)	321,505	-	321,505
Total government loans	4,726,589	-	(560,394)	4,166,195	533,182	3,633,013
Notes payable	75,590	-	(13,087)	62,503	14,033	48,470
Claims and litigation	1,165,767	196,713	(411,098)	951,382	786,382	165,000
Pollution remediation obligation	25,050,000	-	-	25,050,000	-	25,050,000
Pension liability	20,850,859	-	(5,984,036)	14,866,823	-	14,866,823
OPEB liability	36,331,912	-	(3,841,218)	32,490,694	-	32,490,694
Compensated absences	6,385,997	135,689	(42,811)	6,478,875	5,356,456	1,122,419
Governmental activities long-term liabilities	\$ 121,140,248	\$ 332,402	\$ (12,581,262)	\$ 108,891,388	\$ 8,040,053	\$ 100,851,335
Business-type activities						
Bonds payable						
Revenue bonds	\$ 62,442,000	\$ -	\$ (2,338,000)	\$ 60,104,000	\$ 1,368,000	\$ 58,736,000
Premium	3,106,444	-	(156,452)	2,949,992	-	2,949,992
Total revenue bonds	65,548,444	-	(2,494,452)	63,053,992	1,368,000	61,685,992
General obligation bonds	4,430,000	-	(490,000)	3,940,000	495,000	3,445,000
Premium	237,770	-	(29,722)	208,048	-	208,048
Total general obligation bonds	4,667,770	-	(519,722)	4,148,048	495,000	3,653,048
Total bonds payable	70,216,214	-	(3,014,174)	67,202,040	1,863,000	65,339,040
Government loans	10,376,177	5,896,669	(926,958)	15,345,888	1,243,387	14,102,501
Pollution remediation obligation	9,457,077	690,972	(18,607)	10,129,442	806,198	9,323,244
Net pension liability	4,092,444	-	(1,038,436)	3,054,008	-	3,054,008
Compensated absences	1,012,598	105,785	(97,609)	1,020,774	953,640	67,134
Total business-type activities long-term liabilities	\$ 95,154,510	\$ 6,693,426	\$ (5,095,784)	\$ 96,752,152	\$ 4,866,225	\$ 91,885,927

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 \$90,260 and short-term liabilities of \$544,304 for internal service fund compensated absences are included in the above amounts. For the governmental activities, compensated absences are generally liquidated by the General fund.

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

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

Discretely presented component units***Bellingham-Whatcom Public Facilities District***

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

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

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

Bonds outstanding December 31, 2018

Name of issuance/purpose	Original issue amount	Issue date	Maturity date	Interest rates	Debt outstanding
12 LTGO Rfdg Museum/Theater	\$ 9,370,000	11/9/04	12/1/28	2.00 - 4.00%	\$ 5,455,731
08 Museum Construction	2,800,000	12/31/08	12/31/27	3.25%	1,248,645
16 LTGO Rfdg Museum/Theater	9,640,000	04/20/16	12/01/27	.60 - 4.00%	9,295,000
Total bonds outstanding	<u>\$ 21,810,000</u>				<u>\$ 15,999,376</u>

Limited sales tax annual debt service requirements to maturity

Year ending December 31	Discretely presented component unit		
	Principal	Interest	Total requirements
2019	\$ 1,251,769	\$ 565,321	\$ 1,817,090
2020	1,363,886	529,455	1,893,341
2021	1,501,322	472,318	1,973,640
2022	1,633,518	417,522	2,051,040
2023	1,775,854	358,336	2,134,190
2027-2027	8,473,026	659,723	9,132,749
Total	<u>\$ 15,999,375</u>	<u>\$ 3,002,675</u>	<u>\$ 19,002,050</u>

Summary of changes in long-term liabilities for the year ended December 31, 2018

Debt type	Beginning balance	Additions	Reductions	Ending balance	Due in ≤ 1 year	Due in > 1 year
Bonds	\$ 16,768,968	\$ -	\$ (769,593)	\$ 15,999,375	\$ 1,251,769	\$ 14,747,606
Total long-term liabilities	\$ 16,768,968	\$ -	\$ (769,593)	\$ 15,999,375	\$ 1,251,769	\$ 14,747,606

11. Restricted component of net position

The government-wide statement of net position reports \$140,691,670 of restricted component of net position, of which \$78,567,608 is restricted by enabling legislation.

12. Risk management

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

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

The Claims, Litigation and Property Loss fund is the source for payment of third party claims and judgments, excess liability insurance premiums, and property insurance premiums. Currently the City maintains commercial property insurance for fire and other hazards on City properties. During the current and preceding two years, no City property losses exceeded the City's insurance coverage.

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

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

The Unemployment Compensation fund is the source for collecting contributions and making payments to reimburse the State of Washington Employment Security Department, on a quarterly basis, for unemployment compensation claims paid to former employees. State statutes mandate that most other employers pay a tax on employed compensation to support the unemployment insurance system. The

City budgets contribution rates to each department based upon past experience and expected future claims.

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

The Health Benefits fund is the source for collecting contributions and paying premiums for employee medical, dental, and vision benefits. Both the City and employee contribute to the cost of medical insurance premiums. The City alone contributes towards dental insurance and a self-insured vision plan for full time employees. City departments are charged composite rates to cover the cost of insurance premiums and plan contributions for each employee. Insurance for employees is purchased through employee unions and City Sponsored benefit plans. The Association of Washington City's Employee Benefit Trust is one of the third-party administrators the City uses to purchase insurance and administer plans.

Health and Welfare

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

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

As of December 31, 2018, 257 cities/towns/non-city entities participate in the AWC Trust HCP.

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

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2018, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. The aggregate policy is for 200% of expected medical claims.

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

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

The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in this report. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

Changes in estimated claims liabilities

	Claims and Litigation		Unemployment Comp		Workers' Comp	
	2017	2018	2017	2018	2017	2018
Beginning liability	\$ 705,559	\$ 455,767	\$ 160,000	\$ 160,000	\$ 550,000	\$ 550,000
Claims incurred	(302,485)	321,551	74,182	(77,063)	186,249	(47,775)
Claims paid	52,693	(252,318)	(74,182)	1,963	(186,249)	(160,743)
Ending liability	\$ 455,767	\$ 525,000	\$ 160,000	\$ 84,900	\$ 550,000	\$ 341,482

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

13. Contingencies

Cleanup contingencies - The City of Bellingham (the City) has been named as a potentially liable person (PLP) (as that term is defined in the Model Toxics Control Act) by the Washington State Department of Ecology (DOE) with respect to several cleanup sites. Cleanup at these sites is in a variety of stages, from investigation to post-construction monitoring and maintenance. For most of these sites, the City is eligible for, and has received or hopes to receive, 50% matching funds from DOE for the cleanups. At several of the sites, the City is not the only PLP and is in, or plans to be in, negotiation with the other PLPs as to each party's responsibility to fund the remedial actions. The City has issued two general obligation bonds for the City's share of remediation costs to be repaid primarily by net revenues from the *Solid Waste fund*.

These revenues are generated principally by tax revenues paid by the City's solid waste contractor. The *Solid Waste fund's* projected cash flow indicates sufficient net revenue to repay the existing estimated principal and interest costs over a twenty-year period. See note 14 for additional detail about the current estimated costs.

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

14. Pollution remediation obligations

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

As projects move from the feasibility stage to the cleanup action plan phase and on to design phase and/or when the City receives updated cost-forecast estimates from consultants for remediation sites, the estimated pollution remediation obligation balances are updated to reflect the revised estimates. The pollution remediation obligation is an estimate subject to changes resulting from price increases or reductions, technology, and changes in applicable laws and regulations.

This schedule reflects the estimated pollution remediation obligations for the five named sites as of December 31, 2018:

Estimated pollution remediation obligations		
Site	Governmental activities	Business-type activities
S. State St Man. Gas Plant (f.k.a Boulevard Park)	\$ 9,330,000	\$ -
Cornwall Ave Landfill Site	-	7,320,166
RG Haley Site	15,720,000	-
Eldridge Municipal Landfill	-	150,767
Central Waterfront	-	2,560,368
Total	<u>\$ 25,050,000</u>	<u>\$ 10,031,301</u>

In 2005, the City and the Port of Bellingham (the Port) entered into an agreement to clean up the Central Waterfront and Cornwall sites and the City prefunded its share of that original estimate by paying the Port \$3.7 million upfront. Of this \$3.7 million prepayment, \$1.44 million was allocated to Cornwall and \$2.26 million was allocated to Central Waterfront. As of December 31, 2018, total accumulated expenses for

these sites have exceeded the prepayment amount by \$98,142, and the City no longer reports a prepaid asset.

South State Street Manufactured Gas Plant site (SSMGP) – Remediation is required to clean up contamination from the use of this site for the manufacturing of gas from coal. The current estimated cost of remediation is \$9.3 million based on a draft feasibility study prepared by GeoEngineers. The City is negotiating for financial contributions from other potentially liable persons. A final RI/FS was issued in January 2019.

Cornwall Ave Landfill site - Remediation is required to clean up contamination from the use of this site as a landfill for solid waste. In 2005, the City and the Port of Bellingham entered into an agreement to clean up this site. A RI/FS was prepared and issued for the Cornwall Ave Landfill Site in December 2013. The Consent Decree for the Cornwall Ave Landfill Site was signed in December 2014 and dictates the cleanup that will be constructed. Anchor QEA consulting provided the City (and the Port, another PLP) with a revised report of the estimated cost-forecasts as of December 31, 2018. The Cornwall Ave Landfill site estimated costs have increased since the issuance of the RI/FS in 2013 after taking into account an escalation rate inflator and adding additional project contingency costs and the completion of 30% design in the 2018 Engineering and Design Report. The balance of the City's pollution remediation obligation related to the Cornwall Ave Landfill site is \$7.3 million.

RG Haley site - Remediation is required to clean up contamination from the use of this site as a wood treatment facility and from cross contamination from garbage landfill activities on the adjacent property, which is part of the Cornwall Avenue Landfill Site. A final RI/FS was prepared and issued for RG Haley on February 1, 2016, and a final Cleanup Action Plan was issued in April 2018. The estimated pollution remediation obligation for the RG Haley site is \$15.7 million.

Eldridge Avenue Municipal Landfill – Remediation was required to clean up contamination from the use of this site as a landfill for garbage. Construction of the cleanup is complete. Monitoring and maintenance activities pursuant to the Consent Decree are the remaining remediation obligations. The year-end estimate for those activities as of December 31, 2018, is \$150,767.

Central Waterfront – Remediation is required to clean up contamination from the use of this area as a landfill for solid waste, as well as other contaminants from adjoining sites, which were consolidated with the City's Roeder Avenue Landfill Site by Ecology. The Central Waterfront pollution remediation obligation was decreased compared to the prior year estimate due to the identified preferred alternative selected in the RI/FS for site cleanup in the upland region, which was issued in 2018. Updated cost estimates are based on forecasts prepared by Anchor QEA consulting as of December 31, 2018. The pollution remediation obligation estimate is \$2.6 million for Central Waterfront.

15. Interlocal agreements

Whatcom Medic One

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

What-Comm/Prospect Communications Center

The City of Bellingham participates with Whatcom County and other local governmental jurisdictions to provide two communication centers; the first is for law enforcement and is the primary public safety answering point. The other is for fire and emergency medical services and serves as the secondary public safety answering point. Each center is capable of providing back up support for the other.

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

The City operates and manages the communications centers under advisement of an administrative board composed of eight voting members and one nonvoting member. The Administrative board has the authority to establish broad policy guidelines and establishes the annual financial contributions to be made by the member jurisdictions. In 2018, the City contributed \$1,086,611 to the Public Safety Dispatch fund as its share of operations, approximately 17% of total revenues.

Waterfront redevelopment

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

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

The City of Bellingham, Whatcom County, and the Lake Whatcom Water and Sewer District (LWWSD) came together in 1998 to formalize, by interlocal agreement, the Lake Whatcom Management Program. The goal of the program is to improve lake water quality by jointly implementing programs affecting the Lake Whatcom Watershed. In 2010 the LWMP 2010-2014 work plan was adopted which included several capital projects all three entities committed to completing. In this timeframe the Aquatic Invasive Species (AIS) Prevention Program was also launched as a joint program funded by LWWSD, Whatcom County, the City, and program fees. The City contributed \$181,367 towards the AIS program in 2018, LWWSD contributed \$50,000, and the County contributed \$123,000. Additionally, in 2014 the City completed the stormwater retrofit project at Bloedel Donovan which was under the management of the

LWMP. The City, County, and LWWSD have all agreed through the interlocal agreement to commit funds towards land preservation, stormwater management, land use, education and engagement, monitoring and data, hazardous materials mitigation, recreation, AIS, utilities and transportation, and administration. The 2015-2019 work plan cost estimates for the LWMP include contributions totaling \$45.7 million between the City, County, and LWWSD over the next five years.

Fire District #8

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

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

In 2018, Fire District #8 paid the City \$1,413,704 for providing these services.

Park Districts Loan

The Chuckanut Community Forest Park District (Park District) is a distinct municipal entity with its own assets, liabilities, and board of commissioners. The Park District was created on February 12, 2013, when voters in a southern portion of the City approved a ballot measure to create the Chuckanut Community Forest Park District. The Park District taxes property owners within its boundaries to repay the loan from the Greenways Endowment fund in exchange for a conservation easement ensuring the entirety of the property purchased with the original loan is protected in perpetuity in public ownership. The property will be protected with the conservation easement with respect for its ecological, recreational and educational functions. The Park District is not a component unit of the City.

The specific terms and conditions of the loan repayment are included in Interlocal agreement #2013-0624 which was signed at the end of 2013. In this agreement the Park District agreed to begin making payments to the City to pay off the loan of \$3,232,022, accrued interest on the loan through June 30, 2014, of \$100,335, and future interest on the loan after June 30, 2014. The District has levied a \$0.28 per thousand dollars of assessed valuation to repay the Greenways Endowment fund for this land purchase. The Park District made principal payments of \$447,560 in 2018. As of December 31, 2018, the loan balance is \$1,766,833.

16. Endowments

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

On May 16, 2006, the voters passed a ballot authorizing the City to increase its regular property tax levy in 2007 to \$2.49 per thousand (which included \$0.057 per thousand from the beyond greenways levy) of

assessed valuation on all taxable property within the City. The ballot specified increases in 2008 and each of the nine succeeding years as allowed by RCW 84.55 to be used for the costs of parks, greenways, trails, and open space property acquisition, development, and maintenance. The City created the greenways III fund with ordinance 2007-01-004 to account for the property tax levy receipts. These receipts are to be used for acquisition and development/improvement of property.

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

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

As of December 31, 2018, a total of \$5,884,136 in property taxes and donations has been receipted into the endowment fund and is nonspendable. Interest in the amount of \$12,899 remains unspent.

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

According to the terms of the agreement, the corpus (or original lump payment received) cannot be expended for 50 years. Only the interest earned by that corpus or any other outside revenues received (such as donations) may be expended for (a) or (b) as defined above. As of December 31, 2018, \$736,578 is available to spend.

The fund balance of the endowment fund is reflected in the governmental portion of the statement of net position and the statement of activities. Washington State authorizes the spending of net appreciation on investments of endowments in RCW 24.44.020. Investments for the endowment funds meet the same criteria as other City funds. The City's investment risk is described in note 3.

17. Pension Plans

Aggregate pension amounts for state and local pension plans as of December 31, 2018

Pension liabilities	\$ 17,920,830
Pension assets	\$ 28,957,610
Deferred outflows of resources	\$ 7,024,697
Deferred inflows of resources	\$ 14,977,263
Pension expense/expenditures	\$ (559,377)

A. State Sponsored Pension Plans

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

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

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

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

Public Employees' Retirement System (PERS)

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

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates.

The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2018 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee*
January – August 2018		
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Total	12.70%	6.00%
September – December 2018		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Total	12.83%	6.00%

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

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

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

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

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by

statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2018 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2*
January – August 2018		
PERS Plan 2/3	7.49%	7.38%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.70%	7.38%
September – December 2018		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.83%	7.41%

** For employees participating in JBM, the contribution rate was 18.45 to 18.53%.*

The city's actual PERS plan contributions were \$1,897,144 to PERS Plan 1 and \$2,747,129 to PERS Plan 2/3 for the year ended December 31, 2018.

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

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

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

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

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

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2018. Employers paid only the administrative expense of 0.18 percent of covered payroll.

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

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2018 were as follows:

LEOFF Plan 2		
Actual Contribution Rates	Employer	Employee
State and local governments	5.25%	8.75%
Administrative Fee	0.18%	
Total	5.43%	8.75%
Ports and Universities	8.75%	8.75%
Administrative Fee	0.18%	
Total	8.93%	8.75%

The city's actual contributions to the plan were \$1,551,353 for the year ended December 31, 2018.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ended June 30, 2018, the state contributed \$68,152,127 to LEOFF Plan 2. The amount recognized by the city as its proportionate share of this amount is \$990,263.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2018 with a valuation date of June 30, 2017. The actuarial assumptions used in

the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study* and the *2017 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2017 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2018. Plan liabilities were rolled forward from June 30, 2017, to June 30, 2018, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

Inflation: 2.75% total economic inflation; 3.50% salary inflation

Salary increases: In addition to the base 3.50% salary inflation assumption, salaries are expected to grow by promotions and longevity.

Investment rate of return: 7.4%

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

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

- Lowered the valuation interest rate from 7.70% to 7.50% for all systems except LEOFF 2. For LEOFF 2 the valuation interest rate was lowered from 7.50% to 7.40%.
- Lowered the assumed general salary growth from 3.75% to 3.50% for all systems.
- Lowered assumed inflation from 3.00% to 2.75% for all systems.
- Modified how the valuation software calculates benefits paid to remarried duty-related death survivors of LEOFF 2 members.
- Updated the trend that the valuation software uses to project medical inflation for LEOFF 2 survivors of a duty-related death, and for certain LEOFF 2 medical-related duty disability benefits.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test included an assumed 7.5 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.5 percent except LEOFF 2, which has assumed 7.4 percent). Consistent with the long-term expected rate of return, a 7.4 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, whose rates include a component for the PERS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	7%	4.90%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of the Net Pension Liability/(Asset)

The table below presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

Plan	1% Decrease 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
PERS 1	\$ 14,926,517	\$ 12,145,871	\$ 9,737,270
PERS 2/3	\$ 26,414,799	\$ 5,774,959	\$ (11,147,405)
LEOFF 1	\$ (3,781,611)	\$ (4,753,638)	\$ (5,590,497)
LEOFF 2	\$ (2,381,133)	\$ (17,905,772)	\$ (30,567,920)

Pension Plan Fiduciary Net Position

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

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

At June 30, 2018, the City reported proportionate shares of net pension liabilities and assets as follows:

Plan	Liability (Asset)
PERS 1	\$ 12,145,871
PERS 2/3	5,774,959
TOTAL LIABILITY	\$ 17,920,830
LEOFF 1	\$ (4,753,638)
LEOFF 2	(17,905,772)
TOTAL ASSET	\$ (22,659,409)

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

	LEOFF 1 Asset	LEOFF 2 Asset
Employer's proportionate share	\$ 4,753,638	\$ 17,905,772
State's proportionate share associated with the City	32,153,488	11,593,649
TOTAL	\$ 36,907,126	\$ 29,499,421

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

Plan	Proportionate Share 6/30/2017	Proportionate Share 6/30/2018	Change in Proportion
PERS 1	0.276119%	0.271961%	-0.004158%
PERS 2/3	0.340802%	0.338229%	-0.002573%
LEOFF 1	0.264742%	0.261836%	-0.002906%
LEOFF 2	0.918952%	0.881963%	-0.036989%

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

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2018. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2018, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2018, the state of Washington contributed 39.30 percent of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 60.70 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2018, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2017, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2018, the City's recognized pension expense is as follows:

Plan	Pension Expense
PERS 1	\$ 855,398
PERS 2/3	(209,466)
LEOFF 1	(724,240)
LEOFF 2	(671,296)
TOTAL	\$ (749,605)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2018, the City's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ 482,670
Contributions subsequent to the measurement	982,020	-
TOTAL	\$ 982,020	\$ 482,670
PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 707,859	\$ 1,011,089
Net difference between projected and actual investment earnings on pension plan investments	-	3,543,782
Changes of assumptions	67,557	1,643,507
Changes in proportion and differences between contributions and proportionate share of contributions	15,619	276,768
Contributions subsequent to the measurement	1,425,443	-
TOTAL	\$ 2,216,477	\$ 6,475,146
LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ 385,926
TOTAL	\$ -	\$ 385,926
LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 959,177	\$ 415,774
Net difference between projected and actual investment earnings on pension plan investments	-	3,133,751
Changes of assumptions	10,136	2,569,802
Changes in proportion and differences between contributions and proportionate share of contributions	444,936	687,535
Contributions subsequent to the measurement	781,947	-
TOTAL	\$ 2,196,196	\$ 6,806,862
TOTAL ALL STATE PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,667,036	\$ 1,426,863
Net difference between projected and actual investment earnings on pension plan investments	-	7,546,129
Changes of assumptions	77,693	4,213,309
Changes in proportion and differences between contributions and proportionate share of contributions	460,555	964,303
Contributions subsequent to the measurement	3,189,410	-
TOTAL	\$ 5,394,693	\$ 14,150,604

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended

December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PERS 1	PERS 2/3	LEOFF 1	LEOFF 2	TOTAL
2019	\$ (21,117)	\$ 612,165	\$ (368)	\$ 389,528	\$ 980,207
2020	105,514	1,217,516	87,061	863,996	2,274,088
2021	316,619	2,207,774	237,121	1,898,466	4,659,980
2022	81,653	841,894	62,112	737,645	1,723,305
2023	-	335,961	-	293,370	629,331
Thereafter	-	468,801	-	1,209,608	1,678,409
Total	\$ 482,670	\$ 5,684,111	\$ 385,926	\$ 5,392,613	\$ 11,945,320

B. Local Sponsored Pension Plans***City of Bellingham Firefighters' (FFP) and Police Officers' Pension (POP) Plans******Plan description***

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

Board membership

The FFP is administered by a fire pension board comprised of the city council finance committee chairperson, the mayor, the finance director, two active members of the plan, and an alternate firefighter.

The POP is administered by a police pension board comprised of the president of the city council, the mayor, the finance director, and three active members of the plan.

Summary of significant accounting and funding policies

Employer contributions, determined during the biennial budget process using actuarially determined amounts, are recognized as revenues in the period in which they are budgeted and paid. Non-employer State collected and distributed fire insurance premium taxes, of \$142,572 in 2018, are recognized in the FFP when received. The plans are both closed to new participants and are no longer receiving employee contributions. Benefits and refunds are recorded when due and payable in accordance with the terms of each plan.

Plan benefits

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

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

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

Plan Membership

Membership participation		
	FFP 12/31/18	POP 12/31/18
Active employees	1	0
Retirees	22	12
Beneficiaries	17	8
Total Participants	40	20
Receiving Benefits	34	11

Investments

The FFP and POP Boards have designated daily operations, internal controls, and investment decisions to the City's finance director. The finance director follows the City's investment policy using an investment strategy that emphasizes prudent and professional standards. The primary investment requirements, in order of priority, are: safety, compliance, liquidity, and return on investment. Details of plan investments are included in Note 3. *Deposits and Investments*. The City's *General Fund* is responsible for ensuring that each of the pension funds has adequate cash to pay their benefit obligations and administrative expenses each year. No significant investment policy changes were made during the reporting year. Fair value of investments is determined by the quoted market prices.

Investment concentration				
	FFP 12/31/2018	POP 12/31/2018	%	Moody's Rating
Investments at fair value				
U.S. Government Sponsored Agency Securities:				
Farmer MAC (FMAC)	\$ 423,482	\$ 259,473	7.47%	
Federal Farm Credit Bank (FFCB)	529,713	324,563	9.34%	
Federal Home Loan Bank (FHLB)	1,250,244	766,042	22.05%	
Federal Home Loan Mortgage Corp. (FHLMC)	1,550,383	949,942	27.34%	
Federal National Mortgage Association (FNMA)	1,589,613	973,978	28.03%	
Municipal Bonds	327,552	200,696	5.78%	Aa1
Total investments at fair value	\$ 5,670,987	\$ 3,474,694	100.00%	

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.38% for FFP and 1.82% for POP. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested.

Actuarial methods and assumptions

Actuarial valuations and projections of benefits for financial reporting purposes are made using estimates, methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility. The actuarial calculations of the plans reflect a long-term perspective about the probability of events far into the future and the amounts are subject to continual revision. 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, 2018.

The actuarial assumptions involving investment earnings and salary growth for the FFP and the POP plans have been determined in accordance with the recommendation of the system's retained actuary. Under LEOFF Plan I, the benefit is adjusted after retirement in proportion to the change in the Consumer Price Index (CPI). Most adjustments are based on the change in salary for the rank the members held at retirement. The salaries are based on salary and benefits surveys collected by the Association of Washington Cities (AWC) for an upper-level police officer and firefighter. The CPI figures used are for classification *Urban Wage Earners and Clerical Workers* officer, *Seattle-Everett, Washington*, which is the basis of LEOFF Plan I increases.

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

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

Pension actuarial methods and assumptions for FFP and POP

Valuation date	12/31/2018
Actuarial cost method	entry age
Actuarial asset method	market value
Assumed composite rate of return	4.0%
Salary increases	3.0%
Cost of living adjustments	2.5%
Inflation rate	2.5%
Mortality rate - static projection to 2024	RP-2014, with scale MP-2014
Amortization period - investment earning variances	5 years
Amortization period - Firefighters' assumption and experience variances	8 years
Amortization period - Police Officers' assumption and experience variances	7 years

Rate sensitivity

The following schedule presents the net pension asset and its sensitivity to calculations using discount rates that are 1% higher and 1% lower than the current rate.

Net pension asset and interest rate sensitivity

	FFP 12/31/18	POP 12/31/18
Total pension liability (TPL)	\$ 5,172,371	\$ 1,049,596
Plan fiduciary net position	7,850,640	4,669,527
Net pension asset (NPA)	<u>\$ 2,678,269</u>	<u>\$ 3,619,931</u>
Net position as a % of TPL	151.78%	444.89%

NPA discount rate sensitivity

Plus 1% composite rate of return	<u>\$ 3,029,079</u>	<u>\$ 3,697,673</u>
Minus 1% composite rate of return	<u>\$ 2,279,857</u>	<u>\$ 3,531,174</u>

Changes in the net pension asset

Changes in net pension asset						
	FFP			POP		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balance at 1/1/2018	\$ 5,788,333	\$ 7,092,120	\$ 1,303,787	\$ 1,616,833	\$ 4,331,673	\$ 2,714,840
Changes for the year:						
Interest	166,745	-	(166,745)	47,003	-	(47,003)
Changes of actuarial assumptions	(128,029)	-	128,029	15,153	-	(15,153)
Differences, expected and actual experience	(194,368)	-	194,368	(529,249)	-	529,249
Contributions - employer	-	1,122,234	1,122,234	-	360,285	360,285
Net investment income	-	102,239	102,239	-	81,147	81,147
Benefit payments, net of refunds	(460,310)	(460,310)	-	(100,144)	(100,144)	-
Administrative expense	-	(5,643)	(5,643)	-	(3,434)	(3,434)
Net changes	(615,962)	758,520	1,374,482	(567,237)	337,854	905,091
Balance at 12/31/2018	\$ 5,172,371	\$ 7,850,640	\$ 2,678,269	\$ 1,049,596	\$ 4,669,527	\$ 3,619,931

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2018, the City's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

FFP	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 554,566	\$ 170,072
Net difference between projected and actual investment earnings	297,919	-
Changes of assumptions	247,011	184,810
TOTAL	\$ 1,099,496	\$ 354,882
POP	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 280,879	\$ 453,642
Net difference between projected and actual investment earnings	172,334	-
Changes of assumptions	77,295	18,134
TOTAL	\$ 530,508	\$ 471,776
TOTAL	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 835,445	\$ 623,714
Net difference between projected and actual investment earnings	470,253	-
Changes of assumptions	324,306	202,944
TOTAL	\$ 1,630,004	\$ 826,658

Deferred outflows and deferred inflows of resources

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

Year ended December 31:	FFP	POP	TOTAL
2019	\$ 222,004	\$ 79,709	\$ 301,713
2020	191,121	60,359	251,480
2021	155,748	38,120	193,868
2022	117,950	14,571	132,521
2023	97,222	(60,583)	36,639
Thereafter	(39,431)	(73,444)	(112,875)
Total	\$ 744,614	\$ 58,732	\$ 803,346

18. Other post-employment benefits (OPEB)**Aggregate OPEB amounts - all plans as of December 31, 2018**

OPEB liabilities	\$ 32,490,694
OPEB assets	\$ -
Deferred outflows of resources	\$ -
Deferred inflows of resources	\$ 3,287,184
OPEB expense/expenditures	\$ 681,976

City of Bellingham Firefighters' (FHC) and Police Officers' (PHC) Health Care Plans*Plan description*

The City provides two closed single-employer defined benefit healthcare plans for firefighters' and police officers' employed prior to October 1, 1977, in accordance with the Revised Code of Washington (RCW) 41.26. The FHC and PHC plans provide LEOFF Plan 1 retired employees with lifetime medical and long-term care benefits. Dependent spouses and children are not covered. Financial reporting for both the FHC and PHC are contained solely in the basic and individual fund statements of this report.

Board membership

The FHC is administered by a fire pension board comprised of the city council finance committee chairperson, the mayor, the finance director, two active members of the plan, and an alternate firefighter.

The PHC is administered by a police pension board comprised of the president of the city council, the mayor, the finance director, and three active members of the plan.

Summary of significant accounting and funding policies

Funding for LEOFF 1 retiree healthcare costs is provided entirely by the City as required by the Revised Code of Washington (RCW) 41.26. There are no active employee nor retiree contributions. The plans are both closed to new participants.

Medical care benefits are funded on a pay-as-you-go basis as such there are no assets accumulating.

Long-term care benefits are being pre-funded with employer contributions however the accumulating assets do not meet the irrevocable, dedicated, and legally protected requirements provided for under paragraph 4 of GASB 75.

Plan benefits

The plan purchases 1 of 2 types of Premiera medical insurance for plan participants depending upon the participant's age, reimburses participants for out-of-pocket medical expenses (including Medicare premiums), and pays for long-term care costs.

Plan Membership

	FHC 12/31/18	PHC 12/31/18
Active employees	1	0
Inactive retirees	63	39
Total Participants	64	39
Receiving benefits	63	39

Actuarial methods and assumptions

Actuarial valuations and projections of benefits for financial reporting purposes are made using estimates, methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility. The actuarial calculations of the plans reflect a long-term perspective about the probability of events far into the future and the amounts are subject to continual revision. Both the measurement date and the actuarial valuation date of the OPEB liability is December 31, 2018. A full actuarial valuation is performed every two years, with the most recent valuation being performed at December 31, 2018.

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

OPEB actuarial methods and assumptions for FHC and PHC	
Actuarial valuation date	12/31/2018
Actuarial measurement date	12/31/2018
Actuarial cost method	entry age
Asset valuation method	market value
Assumed composite rate of return	4.0%
Salary increases	3.0%
Cost of living adjustments	2.5%
Inflation rate	2.5%
Mortality rate - static projection to 2024	RP-2014, with scale MP-2014
Amortization period - Firefighters' assumption and experience variances	9 years
Amortization period - Police Officers' assumption and experience variances	10 years
Medical trend rate	5.5% grading down to 5% over 1 yr
Long-term care trend rate	4.50%
Participant data	12/31/2018

Actuarial valuation date	12/31/2018
Actuarial measurement date	12/31/2018
Actuarial cost method	entry age
Asset valuation method	market value
Assumed composite rate of return	4.0%
Salary increases	3.0%
Cost of living adjustments	2.5%
Inflation rate	2.5%
Mortality rate - static projection to 2024	RP-2014, with scale MP-2014
Amortization period - Firefighters' assumption and experience variances	9 years
Amortization period - Police Officers' assumption and experience variances	10 years
Medical trend rate	5.5% grading down to 5% over 1 yr
Long-term care trend rate	4.50%
Participant data	12/31/2018

* For the roll-forward valuation, participant data and actuarial assumptions were as of December 31, 2016, while the expected rate of return on assets was updated to reflect the December 31, 2017 measurement date.

** The following assumptions have changed since the last measurement date: the rate of return increased by 1%, the medical trend rate decreased by .5%, the mortality rate scale changed from RP-2000, scale BB projected to 2025.

OPEB expense

OPEB expense for year ending 12/31/2018		
	FHC	PHC
Service cost	-	-
Interest cost	648,081	423,336
Amortization of changes in assumptions	(217,775)	(171,666)
Total OPEB expense	\$ 430,306	\$ 251,670

	FHC	PHC
Service cost	-	-
Interest cost	648,081	423,336
Amortization of changes in assumptions	(217,775)	(171,666)
Total OPEB expense	\$ 430,306	\$ 251,670

*Changes in total OPEB liability***Changes in total OPEB liability**

	FHC	PHC
Total OPEB liability, 1/1/2018	\$ 22,004,799	\$ 14,327,113
Changes for the year:		
Service cost	-	-
Interest cost	648,081	423,336
Differences, expected and actual experience	(1,524,971)	(1,294,595)
Changes in benefit terms	-	-
Changes in actuarial assumptions	(435,004)	(422,055)
Benefit payments, net of refunds	(804,209)	(431,801)
Net changes	(2,116,103)	(1,725,115)
Total OPEB liability, 12/31/2018	\$ 19,888,696	\$ 12,601,998

Rate Sensitivity

The following schedule presents the total OPEB liability and its sensitivity to changes in the discount rate and healthcare cost trend rates.

Total OPEB liability discount rate sensitivity

OPEB Plan	1% Decrease 3.0%	Current rate 4.0%	1% Increase 5.0%
FHC	\$ 22,462,922	\$ 19,888,696	\$ 17,727,349
PHC	\$ 14,329,208	\$ 12,601,998	\$ 11,162,922

Total OPEB liability healthcare cost trend rate sensitivity

OPEB Plan	1% Decrease 4.5% grading down to 4% over 1 yr.	Current rate 5.5% grading down to 5% over 1 yr.	1% Increase 6.5% grading down to 6% over 1 yr.
FHC	\$ 17,637,587	\$ 19,888,696	\$ 22,523,712
PHC	\$ 11,106,343	\$ 12,601,998	\$ 14,366,182

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2018, the City's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

FHC	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,355,530
Changes in actuarial assumptions	-	386,670
TOTAL	\$ -	\$ 1,742,200
PHC	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,165,135
Changes in actuarial assumptions	-	379,849
TOTAL	\$ -	\$ 1,544,984
TOTAL	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,520,665
Changes in actuarial assumptions	-	766,519
TOTAL	\$ -	\$ 3,287,184

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

Year ended December 31:	FHC	PHC	TOTAL
2019	\$ (217,775)	\$ (171,666)	\$ (389,441)
2020	(217,775)	(171,666)	(389,441)
2021	(217,775)	(171,666)	(389,441)
2022	(217,775)	(171,666)	(389,441)
2023	(217,775)	(171,666)	(389,441)
Thereafter	(653,325)	(686,654)	(1,339,979)
Total	\$ (1,742,200)	\$ (1,544,984)	\$ (3,287,184)

19. Tax abatements

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

The *Multifamily Housing program* was established under RCW 84.14 and municipal code chapter 17.82. The program is used to encourage increased residential opportunities, including affordable housing opportunities, in cities that are required to plan or choose to plan under the growth management act within urban centers, and to stimulate the construction of new multifamily housing and the rehabilitation of existing vacant and underutilized buildings for multifamily housing in urban centers. To be eligible for this program the housing project must be located within a targeted residential area, not displace existing residential tenants, include at least four units of multifamily housing and at least 50 percent of the space for multifamily housing must be provided for permanent residential occupancy. The program provides an exemption from ad valorem property taxation for 8 or 12 years for the value of new housing construction, conversion, and rehabilitation improvements that qualify under the program. To qualify for the 12 year exemption the applicant must commit to renting or selling at least 20 percent of the multi-unit housing units as affordable housing units. The owner must continue to comply with the requirements of the program and is subject to a compliance review annually. If it is determined the owner is not complying with the terms of the contract, the tax exemption will be cancelled. The City currently has agreements with ten property owners that qualify under the program for a total property tax valuation of \$56,095,575 and an estimated tax abatement of \$132,000 for fiscal year 2018.

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

20. New and closed funds

Fund 125 – Federal Building - In 2012, the City of Bellingham passed Ordinance 2012-03-014 creating the federal building fund. The fund was created to account for the US Department of Interior grant received for the restoration of the Federal Building. The grant funding has now been depleted. On December 10, 2018, the Bellingham City Council passed Ordinance 2018-12-030, dissolving the federal building fund. The residual cash in the fund was transferred to the *Facilities Administration fund*.

21. Prior period adjustments

Fund and component unit statements

The city has recorded a prior period adjustment in the amount of \$6,762,309 to account for receivables related to Washington State Treasurers Office sales and excise tax distributions received by the City January and February 2018, for November and December 2017 sales transactions. An additional \$263,246 was similarly recorded for the city's discretely presented component unit – the *Public Facilities District*.

Government-wide statements

The implementation of GASB Statement number 75 and its impact to the City OPEB plans resulted in a prior period adjustment on the government-wide statements changing the previously reported net OPEB asset at December 31, 2017, from \$813,426 to a total OPEB liability of \$36,331,912, and a corresponding net position decrease of \$37,145,338.

The government-wide OPEB prior period decrease to net position combined with the fund statement excise tax increase to net position, resulted in a total government-wide net decrease of \$30,383,029 as shown on the government-wide statement of activities.

22. Implementation of new Governmental Accounting Standards Board (GASB) pronouncements

Effective for fiscal year 2018 reporting, the City adopted the following new standards issued by the Governmental Accounting Standards Board (GASB):

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, this Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

Statement No. 85, *Omnibus 2017*, this Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits OPEB).

See the government-wide statement of net position, note 18. Other post-employment benefits, and required supplementary information, for required disclosures pertaining to GASB statements 75 and 85.



CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual Legal Basis
Original General Fund
For the Year Ended December 31, 2018

	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts Legal Basis	2018 Actual Amounts Legal Basis	Total Amounts Legal Basis	Variance with Final Budget
	Original	Final				
REVENUES						
<i>Taxes:</i>						
Property	\$ 29,588,334	\$ 29,588,334	\$ 14,619,202	\$ 15,144,404	\$ 29,763,606	\$ 175,272
Sales and use	30,939,000	30,939,000	16,151,687	17,450,657	33,602,344	2,663,344
Business	64,197,000	64,197,000	32,565,751	33,921,912	66,487,663	2,290,663
Other	2,215,000	2,215,000	1,040,408	1,126,888	2,167,296	(47,704)
Licenses and permits	1,845,300	1,845,300	985,712	935,623	1,921,335	76,035
Intergovernmental revenue	5,635,916	5,776,825	3,834,565	3,157,676	6,992,241	1,215,416
Charges for services	16,195,464	16,010,718	2,495,939	4,104,132	6,600,071	(9,410,647)
Fines and penalties	2,021,238	2,021,238	755,587	704,526	1,460,113	(561,125)
Investment income	423,070	423,070	172,184	466,930	639,114	216,044
Miscellaneous revenues	1,118,190	1,125,690	759,972	815,896	1,575,868	450,178
Total revenues	154,178,512	154,142,175	73,381,007	77,828,644	151,209,651	(2,932,524)
EXPENDITURES						
<i>Current:</i>						
General government	30,128,671	30,461,050	8,569,542	10,340,790	18,910,332	(11,550,718)
Public safety	84,079,865	86,064,642	43,149,093	43,082,598	86,231,691	167,049
Natural and economic environment	7,999,256	8,307,971	3,271,248	3,550,853	6,822,101	(1,485,870)
Social services	334,698	375,597	190,909	187,762	378,671	3,074
Cultural and recreation	29,091,541	29,488,876	13,758,285	14,670,814	28,429,099	(1,059,777)
<i>Debt service:</i>						
Principal	444,000	444,000	-	-	-	(444,000)
Interest and related charges	8,200	8,200	5,070	5,974	11,044	2,844
Capital outlay	-	2,160,706	14,576	43,790	58,366	(2,102,340)
Total expenditures	152,086,231	157,311,042	68,958,723	71,882,581	140,841,304	(16,469,738)
Revenues over (under) expenditures	2,092,281	(3,168,867)	4,422,284	5,946,063	10,368,347	13,537,214
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	765,000	-	765,000	765,000
Transfers in	1,290,000	1,290,000	640,000	650,000	1,290,000	-
Transfers out	(5,349,330)	(7,590,364)	(2,380,952)	(2,976,664)	(5,357,616)	2,232,748
Total other financing sources and (uses)	(4,059,330)	(6,300,364)	(975,952)	(2,326,664)	(3,302,616)	2,997,748
Net change in fund balances	(1,967,049)	(9,469,231)	3,446,332	3,619,399	7,065,731	16,534,962
Fund balances - beginning	17,000,000	23,461,426	23,434,950	26,881,282	23,434,950	(26,476)
Prior period adjustment	-	-	-	3,185,460	3,185,460	3,185,460
Fund balances - ending	\$ 15,032,951	\$ 13,992,195	\$ 26,881,282	\$ 33,686,141	\$ 33,686,141	\$ 19,693,946

CITY OF BELLINGHAM
 Reconciliation of the Schedule of Revenues, Expenditures and Changes in Fund Balances
 Differences in Actual Amounts for General Fund Legal Basis and General Fund GAAP Basis
 For the Year Ended December 31, 2018

REVENUES

General Fund legal basis	\$ 77,828,644
<i>Budgeted separately and consolidated for GASB 54 reporting</i>	
Street	24,152,309
Federal Building	2,350
Olympic Whatcom Falls Park Addition	4,174
First 1/4% Real Estate Excise Tax	2,794,319
Second 1/4% Real Estate Excise Tax	2,859,953
Greenway III Levy	5,844,474
Park Impact Fees	2,508,118
Sportsplex	4,273
General Fund GAAP Basis	<u><u>115,998,614</u></u>

EXPENDITURES

General Fund legal basis	71,882,581
<i>Budgeted separately and consolidated for GASB 54 reporting</i>	
Street	22,866,166
Federal Building	342,321
Olympic Whatcom Falls Park Addition	219,329
First 1/4% Real Estate Excise Tax	855,304
Second 1/4% Real Estate Excise Tax	484,525
Greenway III Levy	7,979,892
Park Impact Fees	1,511,268
General Fund GAAP Basis	<u><u>106,141,386</u></u>

OTHER FINANCING SOURCES (USES)

General Fund legal basis	(2,326,664)
<i>Budgeted separately and consolidated for GASB 54 reporting</i>	<u>(1,384,025)</u>
General Fund GAAP Basis	<u><u>(3,710,689)</u></u>

NET CHANGES IN FUND BALANCES

General Fund legal basis	3,619,399
<i>Budgeted separately and consolidated for GASB 54 reporting</i>	<u>2,527,140</u>
General Fund GAAP Basis	<u><u>\$ 6,146,539</u></u>

Note: The funds delineated above are legally separate and budgeted individually as presented in the combining and individual fund statements. The funds are combined into general fund for GAAP basis basic financial statement reporting purposes as they may not meet the definition of special revenue funds under GASB 54.

Pension Plans*Washington State Department of Retirement Systems - PERS and LEOFF***Schedule of City's proportionate share of state net pension liability as of June 30**

	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
PERS 1					
Proportionate % of NPL	0.271961%	0.276119%	0.283775%	0.283816%	0.292219%
Proportionate share of NPL	\$ 12,145,871	\$ 13,102,062	\$ 15,240,054	\$ 14,846,216	\$ 14,720,669
Covered payroll	\$ 436,049	\$ 612,179	\$ 694,726	\$ 833,860	\$ 1,081,349
Proportionate share of NPL as a % of covered payroll	2785.44%	2140.23%	2193.68%	1780.42%	1361.32%
Fiduciary net position (FNP)	\$ 20,879,474	\$ 20,700,421	\$ 20,222,944	\$ 21,451,699	\$ 23,206,738
Total pension liability (TPL)	\$ 33,025,345	\$ 33,802,482	\$ 35,462,999	\$ 36,297,915	\$ 37,927,408
FNP as a % of TPL	63.22%	61.24%	57.03%	59.10%	61.19%
PERS 2/3					
Proportionate % of NPL	0.338229%	0.340802%	0.346439%	0.345119%	0.347973%
Proportionate share of NPL	\$ 5,774,959	\$ 11,841,240	\$ 17,442,930	\$ 12,331,299	\$ 7,033,791
Covered payroll	\$ 35,152,185	\$ 33,482,840	\$ 32,435,206	\$ 30,696,116	\$ 29,876,074
Proportionate share of NPA as a % of covered payroll	16.43%	35.37%	53.78%	40.17%	23.54%
Fiduciary net position (FNP)	\$ 130,844,961	\$ 119,283,437	\$ 105,603,698	\$ 101,851,378	\$ 97,776,269
Total pension liability (TPL)	\$ 136,619,920	\$ 131,124,677	\$ 123,046,628	\$ 114,182,676	\$ 104,810,059
FNP as a % of TPL	95.77%	90.97%	85.82%	89.20%	93.29%
LEOFF 1					
Proportionate % of NPA	0.261836%	0.264742%	0.263337%	0.259501%	0.254508%
Proportionate share of NPA	\$ 4,753,638	\$ 4,016,719	\$ 2,713,124	\$ 3,127,561	\$ 3,086,650
State proportionate share of NPA associated with City	\$ 32,153,488	\$ 27,168,985	\$ 18,351,505	\$ 21,154,742	\$ 20,878,024
Total proportionate share	\$ 36,907,126	\$ 31,185,703	\$ 21,064,629	\$ 24,282,302	\$ 23,964,674
Covered payroll	\$ 67,074	\$ 120,974	\$ 132,029	\$ 144,697	\$ 465,881
Proportionate share of NPA as a % of covered payroll	7087.15%	3320.31%	2054.94%	2161.45%	662.54%
Fiduciary net position (FNP)	\$ 15,455,480	\$ 15,186,917	\$ 14,143,483	\$ 14,558,393	\$ 14,554,819
Total pension liability (TPL)	\$ 10,701,842	\$ 11,170,198	\$ 11,430,358	\$ 11,430,832	\$ 11,468,169
FNP as a % of TPL	144.42%	135.96%	123.74%	127.36%	126.91%
LEOFF 2					
Proportionate % of NPA	0.881963%	0.918952%	0.828452%	0.816862%	0.853588%
Proportionate share of NPA	\$ 17,905,772	\$ 12,752,076	\$ 4,818,525	\$ 8,395,708	\$ 11,327,480
State proportionate share of NPA associated with City	\$ 11,593,649	\$ 8,272,034	\$ 3,141,323	\$ 5,551,241	\$ 7,401,154
Total proportionate share	\$ 29,499,421	\$ 21,024,110	\$ 7,959,848	\$ 13,946,948	\$ 18,728,634
Covered payroll	\$ 29,121,105	\$ 28,930,093	\$ 25,125,355	\$ 23,723,220	\$ 23,786,119
Proportionate share of NPL as a % of covered payroll	61.49%	44.08%	19.18%	35.39%	47.62%
Fiduciary net position (FNP)	\$ 114,704,157	\$ 108,216,955	\$ 84,590,086	\$ 80,319,337	\$ 78,963,736
Total pension liability (TPL)	\$ 96,798,385	\$ 95,464,878	\$ 79,771,560	\$ 71,923,629	\$ 67,636,256
FNP as a % of TPL	118.50%	113.36%	106.04%	111.67%	116.75%

* Information is available beginning in 2014.

Pension Plans*Washington State Department of Retirement Systems - PERS and LEOFF***Schedule of contributions for the year ended December 31**

Plan	Year	Statutorially required contributions	Actual contributions	Contribution deficiency (excess)	Covered Payroll	Contributions as a % of covered payroll
PERS 1	2014	\$ 1,314,562	\$ 1,314,562	\$ -	\$ 982,256	133.83%
	2015	1,435,640	1,435,640	-	707,036	203.05%
	2016	1,655,872	1,655,872	-	672,352	246.28%
	2017	1,853,370	1,853,370	-	510,807	362.83%
	2018	1,897,144	1,897,144	-	350,086	541.91%
PERS 2/3	2014	\$ 1,517,744	\$ 1,517,744	\$ -	\$ 30,387,959	4.99%
	2015	1,752,785	1,752,785	-	31,107,241	5.63%
	2016	2,065,838	2,065,838	-	33,206,141	6.22%
	2017	2,522,447	2,522,447	-	36,541,240	6.90%
	2018	2,747,129	2,747,129	-	36,632,138	7.50%
LEOFF 1	2014	\$ -	\$ -	\$ -	\$ 255,654	0.00%
	2015	-	-	-	189,324	0.00%
	2016	-	-	-	83,296	0.00%
	2017	-	-	-	95,040	0.00%
	2018	-	-	-	76,487	0.00%
LEOFF 2	2014	\$ 1,198,658	\$ 1,198,658	\$ -	\$ 23,735,711	5.05%
	2015	1,248,036	1,248,036	-	24,713,647	5.05%
	2016	1,352,566	1,352,566	-	26,783,467	5.05%
	2017	1,494,326	1,494,326	-	28,975,221	5.16%
	2018	1,551,353	1,551,353	-	29,441,705	5.27%

* Information is available beginning in 2014.

Pension Plans*Firefighters' (FFP) and Police Officers' (POP) Pension Plans***Schedule of changes in net pension asset - FFP**

Firefighters' Pension Plan	2018	2017	2016	2015	2014	2013
Total pension liability (TPL)						
Interest	\$ 166,745	\$ 211,196	\$ 184,397	\$ 192,760	\$ 260,497	\$ 273,717
Changes in actuarial assumptions	(128,029)	329,349	(116,456)	-	140,083	-
Differences, expected and actual experience	(194,368)	-	887,308	-	(189,608)	-
Benefit payments, net	(460,310)	(768,196)	(415,501)	(447,877)	(536,869)	(598,129)
Net change in total pension liability	(615,962)	(227,651)	539,748	(255,117)	(325,897)	(324,412)
Total pension liability - beginning	5,788,333	6,015,984	5,476,236	5,731,353	6,057,250	6,381,662
Total pension liability - ending	\$ 5,172,371	\$ 5,788,333	\$ 6,015,984	\$ 5,476,236	\$ 5,731,353	\$ 6,057,250
Plan fiduciary net position						
Contributions - employer	\$ 979,662	\$ 757,646	\$ 763,056	\$ 656,841	\$ 666,889	\$ 618,805
Contributions - nonemployer	142,572	139,499	116,386	127,180	140,638	129,799
Net investment income	102,239	55,837	40,272	48,857	64,034	(2,583)
Benefit payments, net	(460,310)	(768,196)	(415,501)	(447,877)	(536,869)	(598,129)
Administrative expense	(5,643)	(5,708)	(2,544)	(5,231)	(2,420)	(3,493)
Net change in plan fiduciary net position	758,520	179,078	501,669	379,770	332,272	144,399
Plan fiduciary net position - beginning	7,092,120	6,913,042	6,411,373	6,031,603	5,699,331	5,554,932
Plan fiduciary net position - ending	7,850,640	7,092,120	6,913,042	6,411,373	6,031,603	5,699,331
Net pension asset (NPA)	\$ 2,678,269	\$ 1,303,787	\$ 897,058	\$ 935,137	\$ 300,250	\$ (357,919)
Plan fiduciary net position as a % of TPL	151.78%	122.52%	114.91%	117.08%	105.24%	94.09%
Covered-employee payroll	162,671	133,609	132,470	162,671	357,440	432,351
NPA as a % of covered employee payroll	1646.43%	975.82%	677.18%	574.86%	84.00%	-82.78%

* Information is available beginning in 2013.

Pension Plans*Firefighters' (FFP) and Police Officers' (POP) Pension Plans***Schedule of changes in net pension asset - POP**

Police Officers' Pension Plan	2018	2017	2016	2015	2014	2013
Total pension liability (TPL)						
Interest	\$ 47,003	\$ 57,571	\$ 41,693	\$ 45,570	\$ 63,919	\$ 67,258
Changes in actuarial assumptions	15,153	90,031	(31,736)	-	(27,978)	-
Differences, expected and actual experience	(529,249)	-	491,536	-	(28,536)	-
Benefit payments, net	(100,144)	(131,995)	(182,997)	(129,662)	(122,007)	(160,904)
Net change in total pension liability	(567,237)	15,607	318,496	(84,092)	(114,602)	(93,646)
Total pension liability - beginning	1,616,833	1,601,226	1,282,730	1,366,822	1,481,424	1,575,070
Total pension liability - ending	\$ 1,049,596	\$ 1,616,833	\$ 1,601,226	\$ 1,282,730	\$ 1,366,822	\$ 1,481,424
Plan fiduciary net position						
Contributions - employer	\$ 360,285	\$ 319,533	\$ 316,498	\$ 310,025	\$ 338,015	\$ 263,344
Net investment income	81,147	34,110	24,204	32,313	41,593	(11,006)
Benefit payments, net	(100,144)	(131,995)	(182,997)	(129,662)	(122,007)	(160,904)
Administrative expense	(3,434)	(6,036)	(1,847)	(4,735)	(2,969)	(1,557)
Net change in plan fiduciary net position	337,854	215,612	155,858	207,941	254,632	89,877
Plan fiduciary net position - beginning	4,331,673	4,116,061	3,960,203	3,752,262	3,497,630	3,407,753
Plan fiduciary net position - ending	4,669,527	4,331,673	4,116,061	3,960,203	3,752,262	3,497,630
Net pension asset (NPA)	\$ 3,619,931	\$ 2,714,840	\$ 2,514,835	\$ 2,677,473	\$ 2,385,440	\$ 2,016,206
Plan fiduciary net position as a % of TPL	444.89%	267.91%	257.06%	308.73%	274.52%	236.10%
Covered-employee payroll	-	-	45,026	147,835	162,093	245,929
NPA as a % of covered employee payroll	0.00%	0.00%	5585.30%	1811.12%	1471.65%	819.83%

* Information is available beginning in 2013.

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

Actuarial valuations for the following pension plans are performed every two years using the Entry Age Normal Cost Method. The most recent valuation was performed December 31, 2018.

Schedule of contributions - FFP & POP						
Plan	Year	Actuarially determined contributions	Actual contributions	Contribution deficiency (excess)	Covered Payroll	Contributions as a % of covered payroll
FFP	2009	219,490	1,028,402	(808,912)	881,915	116.61%
	2010	219,490	628,673	(409,183)	761,841	82.52%
	2011	100,391	496,590	(396,199)	673,935	73.69%
	2012	100,391	633,363	(532,972)	479,131	132.19%
	2013	73,616	748,604	(674,988)	432,351	173.15%
	2014	73,616	807,527	(733,911)	357,440	225.92%
	2015	-	784,021	(784,021)	142,115	551.68%
	2016	-	879,442	(879,442)	132,470	663.88%
	2017	-	897,145	(897,145)	133,609	671.47%
	2018	-	1,122,234	(1,122,234)	162,671	689.88%
POP	2009	-	17,559	(17,559)	610,356	2.88%
	2010	-	150,745	(150,745)	396,480	38.02%
	2011	-	73,432	(73,432)	285,674	25.70%
	2012	-	399,991	(399,991)	232,874	171.76%
	2013	-	263,344	(263,344)	245,929	107.08%
	2014	-	338,015	(338,015)	162,093	208.53%
	2015	-	310,025	(310,025)	147,835	209.71%
	2016	-	316,498	(316,498)	45,026	702.92%
	2017	-	319,533	(319,533)	-	0.00%
	2018	-	360,285	(360,285)	-	0.00%

FFP has 1 active employee contributing to covered employee payroll, POP has no active employees. The actuarial determined contributions are negative numbers and are therefore reported as zero.

Pension Plans*Firefighters' (FFP) and Police Officers' (POP) Pension Plans***Actuarial methods and assumptions - FFP & POP**

Valuation date	12/31/2018
Actuarial cost method	entry age
Actuarial asset method	market value
Assumed composite rate of return	4.0%
Salary increases	3.0%
Cost of living adjustments	2.5%
Inflation rate	2.5%
Mortality rate - static projection to 2024	RP-2014, with scale MP-2014
Amortization period - investment earning variances	5 years
Amortization period - Firefighters' assumption and experience variances	8 years
Amortization period - Police Officers' assumption and experience variances	7 years

Schedule of investment returns - FFP & POP

Plan	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
FFP	1.38%	0.80%	0.61%	0.79%	1.09%	-0.05%	1.09%	1.58%	2.19%	2.95%
POP	1.82%	0.81%	0.60%	0.83%	1.15%	-0.32%	1.01%	1.04%	1.30%	1.64%

Other Post Employment Benefit Plans (OPEB)*Firefighters' (FHC) and Police Officers' (PHC) Healthcare Plans***Schedule of Changes in Total OPEB Liability and Related Ratios**

Firefighters' Healthcare Plan	2018
Total OPEB liability	
Service cost	\$ -
Interest cost	648,081
Differences, expected and actual experience	(1,524,971)
Changes in benefit terms	-
Changes in actuarial assumptions	(435,004)
Benefit payments, net of refunds	(804,209)
Net change in total OPEB liability	(2,116,103)
Total OPEB liability - beginning	22,004,799
Total OPEB liability - ending	\$ 19,888,696
Covered employee payroll	142,572
Total OPEB liability as a % of covered employee payroll	0.72%
Police Officers' Healthcare Plan	2018
Total OPEB liability	
Service cost	\$ -
Interest cost	423,336
Differences, expected and actual experience	(1,294,595)
Changes in benefit terms	-
Changes in actuarial assumptions	(422,055)
Benefit payments, net of refunds	(431,801)
Net change in total OPEB liability	(1,725,115)
Total OPEB liability - beginning	14,327,113
Total OPEB liability - ending	\$ 12,601,998
Covered employee payroll	-
Total OPEB liability as a % of covered employee payroll	0.00%

** Information is available beginning in 2018.*

Medical care benefits are funded on a pay-as-you-go basis as such there are no assets accumulating.

Long-term care benefits are being pre-funded with employer contributions however the accumulating assets do not meet the irrevocable, dedicated, and legally protected requirements provided for under paragraph 4 of GASB 75.

The following assumptions have changed since the last measurement date: the rate of return increased by 1%, the medical trend rate decreased by .5%, the mortality rate scale changed from RP-2000, scale BB projected to 2025.



FUNDS CONSOLIDATED WITH 001-GENERAL FUND GASB STATEMENT NO. 54 FOR REPORTING**111 – Streets**

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

125 – Federal Building

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

134 – Olympic-Whatcom Falls Park Addition

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

141 – First 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.

173 – Greenway III Levy

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

177 – Park Impact Fee

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

178 – Sportsplex

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

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual Legal Basis
Original General Fund
For the Year Ended December 31, 2018

Page 1 of 10

	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts Legal Basis	2018 Actual Amounts Legal Basis	Total Amounts Legal Basis	Variance with Final Budget
	Original	Final				
REVENUES						
<i>Taxes:</i>						
Property	\$ 29,588,334	\$ 29,588,334	\$ 14,619,202	\$ 15,144,404	\$ 29,763,606	\$ 175,272
Sales and use	30,939,000	30,939,000	16,151,687	17,450,657	33,602,344	2,663,344
Business	64,197,000	64,197,000	32,565,751	33,921,912	66,487,663	2,290,663
Other	2,215,000	2,215,000	1,040,408	1,126,888	2,167,296	(47,704)
Licenses and permits	1,845,300	1,845,300	985,712	935,623	1,921,335	76,035
Intergovernmental revenue	5,635,916	5,776,825	3,834,565	3,157,676	6,992,241	1,215,416
Charges for services	16,195,464	16,010,718	2,495,939	4,104,132	6,600,071	(9,410,647)
Fines and penalties	2,021,238	2,021,238	755,587	704,526	1,460,113	(561,125)
Investment income	423,070	423,070	172,184	466,930	639,114	216,044
Miscellaneous revenues	1,118,190	1,125,690	759,972	815,896	1,575,868	450,178
Total revenues	154,178,512	154,142,175	73,381,007	77,828,644	151,209,651	(2,932,524)
EXPENDITURES						
<i>Current:</i>						
General government	30,128,671	30,461,050	8,569,542	10,340,790	18,910,332	(11,550,718)
Public safety	84,079,865	86,064,642	43,149,093	43,082,598	86,231,691	167,049
Natural and economic environment	7,999,256	8,307,971	3,271,248	3,550,853	6,822,101	(1,485,870)
Social services	334,698	375,597	190,909	187,762	378,671	3,074
Cultural and recreation	29,091,541	29,488,876	13,758,285	14,670,814	28,429,099	(1,059,777)
<i>Debt service:</i>						
Principal	444,000	444,000	-	-	-	(444,000)
Interest and related charges	8,200	8,200	5,070	5,974	11,044	2,844
Capital outlay	-	2,160,706	14,576	43,790	58,366	(2,102,340)
Total expenditures	152,086,231	157,311,042	68,958,723	71,882,581	140,841,304	(16,469,738)
Revenues over (under) expenditures	2,092,281	(3,168,867)	4,422,284	5,946,063	10,368,347	13,537,214
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	765,000	-	765,000	765,000
Transfers in	1,290,000	1,290,000	640,000	650,000	1,290,000	-
Transfers out	(5,349,330)	(7,590,364)	(2,380,952)	(2,976,664)	(5,357,616)	2,232,748
Total other financing sources and (uses)	(4,059,330)	(6,300,364)	(975,952)	(2,326,664)	(3,302,616)	2,997,748
Net change in fund balances	(1,967,049)	(9,469,231)	3,446,332	3,619,399	7,065,731	16,534,962
Fund balances - beginning	17,000,000	23,461,426	23,434,950	26,881,282	23,434,950	(26,476)
Prior period adjustment	-	-	-	3,185,460	3,185,460	3,185,460
Fund balances - ending	\$ 15,032,951	\$ 13,992,195	\$ 26,881,282	\$ 33,686,141	\$ 33,686,141	\$ 19,693,946

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual Legal Basis
Street Fund
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts Legal Basis	2018 Actual Amounts Legal Basis	Total Amounts Legal Basis	Variance with Final Budget
	Original	Final				
REVENUES						
<i>Taxes:</i>						
Sales and use	\$ 15,650,000	\$ 15,650,000	\$ 8,615,338	\$ 9,353,840	\$ 17,969,178	\$ 2,319,178
Licenses and permits	123,220	123,220	1,050	1,450	2,500	(120,720)
Intergovernmental revenue	15,434,000	17,074,000	4,388,657	13,107,946	17,496,603	422,603
Charges for services	2,444,186	2,444,186	2,077,787	1,558,172	3,635,959	1,191,773
Investment income	202,666	202,666	65,465	110,695	176,160	(26,506)
Miscellaneous revenues	84,000	84,000	524,941	20,206	545,147	461,147
Total revenues	33,938,072	35,578,072	15,673,238	24,152,309	39,825,547	4,247,475
EXPENDITURES						
<i>Current:</i>						
General government	103,773	170,220	8,811	9,640	18,451	(151,769)
Transportation	20,019,742	20,461,810	9,573,893	9,220,709	18,794,602	(1,667,208)
Natural and economic environment	933,417	1,080,835	185,102	251,375	436,477	(644,358)
Capital outlay	13,693,000	17,220,351	5,401,008	13,384,442	18,785,450	1,565,099
Total expenditures	34,749,932	38,933,216	15,168,814	22,866,166	38,034,980	(898,236)
Revenues over (under) expenditures	(811,860)	(3,355,144)	504,424	1,286,143	1,790,567	5,145,711
OTHER FINANCING SOURCES (USES)						
Transfers out	(1,275,359)	(1,275,359)	(695,875)	(711,377)	(1,407,252)	(131,893)
Total other financing sources and (uses)	(1,275,359)	(1,275,359)	(695,875)	(711,377)	(1,407,252)	(131,893)
Net change in fund balances	(2,087,219)	(4,630,503)	(191,451)	574,766	383,315	5,013,818
Fund balances - beginning	3,820,000	8,061,546	8,483,750	8,292,299	8,483,750	422,204
Prior period adjustment	-	-	-	1,869,239	1,869,239	1,869,239
Fund balances - ending	\$ 1,732,781	\$ 3,431,043	\$ 8,292,299	\$ 10,736,304	\$ 10,736,304	\$ 7,305,261

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual Legal Basis
Federal Building Fund
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts Legal Basis	2018 Actual Amounts Legal Basis	Total Amounts Legal Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Intergovernmental revenue	\$ 700,000	\$ 700,000	\$ 888,023	\$ -	\$ 888,023	\$ 188,023
Investment income	5,180	5,180	6,974	2,350	9,324	4,144
Total revenues	705,180	705,180	894,997	2,350	897,347	192,167
EXPENDITURES						
Current:						
General government	1,463,687	1,949,816	1,585,324	342,321	1,927,645	(22,171)
Total expenditures	1,463,687	1,949,816	1,585,324	342,321	1,927,645	(22,171)
Revenues over (under) expenditures	(758,507)	(1,244,636)	(690,327)	(339,971)	(1,030,298)	214,338
OTHER FINANCING SOURCES (USES)						
Transfers in	-	450,000	-	433,000	433,000	(17,000)
Transfers out	-	-	-	(2,965)	(2,965)	(2,965)
Total other financing sources and (uses)	-	450,000	-	430,035	430,035	(19,965)
Net change in fund balances	(758,507)	(794,636)	(690,327)	90,064	(600,263)	194,373
Fund balances - beginning	758,507	604,636	600,263	(90,064)	600,263	(4,373)
Fund balances - ending	\$ -	\$ (190,000)	\$ (90,064)	\$ -	\$ -	\$ 190,000

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual Legal Basis
Olympic Whatcom Falls Park Addition Fund
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts Legal Basis	2018 Actual Amounts Legal Basis	Total Amounts Legal Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Investment income	\$ -	\$ -	\$ 1,711	\$ 4,174	\$ 5,885	\$ 5,885
Total revenues	-	-	1,711	4,174	5,885	5,885
EXPENDITURES						
Current:						
Cultural and recreation	1,052	1,052	530	523	1,053	1
Capital outlay	-	246,121	13,415	218,806	232,221	(13,900)
Total expenditures	1,052	247,173	13,945	219,329	233,274	(13,899)
Revenues over (under) expenditures	(1,052)	(247,173)	(12,234)	(215,155)	(227,389)	19,784
OTHER FINANCING SOURCES (USES)						
Total other financing sources and (uses)	-	-	-	-	-	-
Net change in fund balances	(1,052)	(247,173)	(12,234)	(215,155)	(227,389)	19,784
Fund balances - beginning	242,248	242,455	240,810	228,576	240,810	(1,645)
Fund balances - ending	\$ 241,196	\$ (4,718)	\$ 228,576	\$ 13,421	\$ 13,421	\$ 18,139

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual Legal Basis
First 1/4% Real Estate Excise Tax Fund
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts Legal Basis	2018 Actual Amounts Legal Basis	Total Amounts Legal Basis	Variance with Final Budget
	Original	Final				
REVENUES						
<i>Taxes:</i>						
Real estate excise	\$ 2,800,000	\$ 2,800,000	\$ 2,135,119	\$ 2,493,537	\$ 4,628,656	\$ 1,828,656
Intergovernmental revenue	-	253,741	280,536	179,272	459,808	206,067
Investment income	83,452	83,452	42,676	120,649	163,325	79,873
Miscellaneous revenues	-	-	-	861	861	861
Total revenues	2,883,452	3,137,193	2,458,331	2,794,319	5,252,650	2,115,457
EXPENDITURES						
<i>Current:</i>						
General government	25,180	25,180	12,805	12,374	25,179	(1)
Transportation	-	-	3,483	-	3,483	3,483
Cultural and recreation	281,000	367,552	85,583	242,267	327,850	(39,702)
<i>Debt service:</i>						
Capital outlay	2,085,653	3,160,552	1,057,123	600,663	1,657,786	(1,502,766)
Total expenditures	2,391,833	3,553,284	1,158,994	855,304	2,014,298	(1,538,986)
Revenues over (under) expenditures	491,619	(416,091)	1,299,337	1,939,015	3,238,352	3,654,443
OTHER FINANCING SOURCES (USES)						
Transfers out	(250,000)	(250,000)	(250,000)	-	(250,000)	-
Total other financing sources and (uses)	(250,000)	(250,000)	(250,000)	-	(250,000)	-
Net change in fund balances	241,619	(666,091)	1,049,337	1,939,015	2,988,352	3,654,443
Fund balances - beginning	722,030	6,848,612	7,031,002	8,080,339	7,031,002	182,390
Prior period adjustment	-	-	-	2,225	2,225	2,225
Fund balances - ending	\$ 963,649	\$ 6,182,521	\$ 8,080,339	\$ 10,021,579	\$ 10,021,579	\$ 3,839,058

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual Legal Basis
Second 1/4% Real Estate Excise Tax Fund
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts Legal Basis	2018 Actual Amounts Legal Basis	Total Amounts Legal Basis	Variance with Final Budget
	Original	Final				
REVENUES						
<i>Taxes:</i>						
Real estate excise	\$ 2,800,000	\$ 2,800,000	\$ 2,135,119	\$ 2,493,538	\$ 4,628,657	\$ 1,828,657
Intergovernmental revenue	285,000	285,000	23,852	284,850	308,702	23,702
Investment income	73,480	73,480	34,276	81,553	115,829	42,349
Miscellaneous revenues	-	-	-	12	12	12
Total revenues	3,158,480	3,158,480	2,193,247	2,859,953	5,053,200	1,894,720
EXPENDITURES						
<i>Current:</i>						
General government	18,105	489,752	452,931	14,924	467,855	(21,897)
Cultural and recreation	50,000	74,004	10,194	41,446	51,640	(22,364)
Capital outlay	3,759,173	3,852,332	10,872	428,155	439,027	(3,413,305)
Total expenditures	3,827,278	4,416,088	473,997	484,525	958,522	(3,457,566)
Revenues over (under) expenditures	(668,798)	(1,257,608)	1,719,250	2,375,428	4,094,678	5,352,286
OTHER FINANCING SOURCES (USES)						
General long-term debt proceeds	2,500,000	2,500,000	-	-	-	(2,500,000)
Transfers out	(1,330,990)	(1,330,990)	(656,003)	(674,283)	(1,330,286)	704
Total other financing sources and (uses)	1,169,010	1,169,010	(656,003)	(674,283)	(1,330,286)	(2,499,296)
Net change in fund balances	500,212	(88,598)	1,063,247	1,701,145	2,764,392	2,852,990
Fund balances - beginning	2,018,077	4,777,809	4,750,099	5,813,346	4,750,099	(27,710)
Prior period adjustment	-	-	-	2,225	2,225	2,225
Fund balances - ending	\$ 2,518,289	\$ 4,689,211	\$ 5,813,346	\$ 7,516,716	\$ 7,516,716	\$ 2,827,505

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual Legal Basis
Greenway III Levy Fund
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts Legal Basis	2018 Actual Amounts Legal Basis	Total Amounts Legal Basis	Variance with Final Budget
	Original	Final				
REVENUES						
<i>Taxes:</i>						
Property	\$ -	\$ 9,868,874	\$ 4,923,203	\$ 5,068,808	\$ 9,992,011	\$ 123,137
Intergovernmental revenue	800,000	800,000	441,587	479,092	920,679	120,679
Charges for services	-	-	-	280	280	280
Fines and penalties	-	-	-	100	100	100
Investment income	115,630	115,630	101,334	288,292	389,626	273,996
Miscellaneous revenues	-	-	23,308	7,902	31,210	31,210
Total revenues	915,630	10,784,504	5,489,432	5,844,474	11,333,906	549,402
EXPENDITURES						
<i>Current:</i>						
Cultural and recreation	788,042	1,330,588	563,590	1,015,458	1,579,048	248,460
<i>Debt service:</i>						
Principal	800,000	800,000	-	-	-	(800,000)
Interest and related charges	-	-	27,959	31,533	59,492	59,492
Capital outlay	4,620,253	13,915,223	664,590	6,932,901	7,597,491	(6,317,732)
Total expenditures	6,208,295	16,045,811	1,256,139	7,979,892	9,236,031	(6,809,780)
Revenues over (under) expenditures	(5,292,665)	(5,261,307)	4,233,293	(2,135,418)	2,097,875	7,359,182
OTHER FINANCING SOURCES (USES)						
Transfers out	-	(428,400)	-	(428,400)	(428,400)	-
Total other financing sources and (uses)	-	(428,400)	-	(428,400)	(428,400)	-
Net change in fund balances	(5,292,665)	(5,689,707)	4,233,293	(2,563,818)	1,669,475	7,359,182
Fund balances - beginning	7,000,000	8,649,602	6,409,226	10,642,519	6,409,226	(2,240,376)
Fund balances - ending	\$ 1,707,335	\$ 2,959,895	\$ 10,642,519	\$ 8,078,701	\$ 8,078,701	\$ 5,118,806

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual Legal Basis
Park Impact Fees Fund
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts Legal Basis	2018 Actual Amounts Legal Basis	Total Amounts Legal Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Charges for services	\$ 848,720	\$ 848,720	\$ 2,068,842	\$ 2,368,955	\$ 4,437,797	\$ 3,589,077
Investment income	66,234	66,234	56,315	139,163	195,478	129,244
Miscellaneous revenues	-	-	306	-	306	306
Total revenues	914,954	914,954	2,125,463	2,508,118	4,633,581	3,718,627
EXPENDITURES						
Current:						
Cultural and recreation	118,876	153,876	168,275	144,946	313,221	159,345
Capital outlay	2,569,754	4,385,965	1,442,525	1,366,322	2,808,847	(1,577,118)
Total expenditures	2,688,630	4,539,841	1,610,800	1,511,268	3,122,068	(1,417,773)
Revenues over (under) expenditures	(1,773,676)	(3,624,887)	514,663	996,850	1,511,513	5,136,400
OTHER FINANCING SOURCES (USES)						
Total other financing sources and (uses)	-	-	-	-	-	-
Net change in fund balances	(1,773,676)	(3,624,887)	514,663	996,850	1,511,513	5,136,400
Fund balances - beginning	4,266,269	8,161,012	8,105,235	8,619,898	8,105,235	(55,777)
Fund balances - ending	\$ 2,492,593	\$ 4,536,125	\$ 8,619,898	\$ 9,616,748	\$ 9,616,748	\$ 5,080,623

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual Legal Basis
Sportsplex Fund
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts Legal Basis	2018 Actual Amounts Legal Basis	Total Amounts Legal Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Investment income	\$ 3,210	\$ 3,210	\$ 2,077	\$ 4,273	\$ 6,350	\$ 3,140
Total revenues	3,210	3,210	2,077	4,273	6,350	3,140
EXPENDITURES						
Total expenditures	-	-	-	-	-	-
Revenues over (under) expenditures	3,210	3,210	2,077	4,273	6,350	3,140
OTHER FINANCING SOURCES (USES)						
Total other financing sources and (uses)	-	-	-	-	-	-
Net change in fund balances	3,210	3,210	2,077	4,273	6,350	3,140
Fund balances - beginning	46,343	47,581	46,434	48,511	46,434	(1,147)
Fund balances - ending	\$ 49,553	\$ 50,791	\$ 48,511	\$ 52,784	\$ 52,784	\$ 1,993

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
Combined General Fund
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts GAAP Basis	2018 Actual Amounts GAAP Basis	Total Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
REVENUES						
<i>Taxes:</i>						
Property	\$ 29,588,334	\$ 39,457,208	\$ 19,542,405	\$ 20,213,212	\$ 39,755,617	\$ 298,409
Sales and use	46,589,000	46,589,000	24,767,025	26,804,497	51,571,522	4,982,522
Business	64,197,000	64,197,000	32,565,751	33,921,912	66,487,663	2,290,663
Real estate excise	5,600,000	5,600,000	4,270,238	4,987,075	9,257,313	3,657,313
Other	2,215,000	2,215,000	1,040,408	1,126,888	2,167,296	(47,704)
Licenses and permits	1,968,520	1,968,520	986,762	937,073	1,923,835	(44,685)
Intergovernmental revenue	22,854,916	24,889,566	9,857,220	17,208,836	27,066,056	2,176,490
Charges for services	19,488,370	19,303,624	6,642,568	8,031,539	14,674,107	(4,629,517)
Fines and penalties	2,021,238	2,021,238	755,587	704,626	1,460,213	(561,025)
Investment income	972,922	972,922	483,012	1,218,079	1,701,091	728,169
Miscellaneous revenues	1,202,190	1,209,690	1,308,527	844,877	2,153,404	943,714
Total revenues	196,697,490	208,423,768	102,219,503	115,998,614	218,218,117	9,794,349
EXPENDITURES						
<i>Current:</i>						
General government	31,739,416	33,096,018	10,629,413	10,720,049	21,349,462	(11,746,556)
Public safety	84,079,865	86,064,642	43,149,093	43,082,598	86,231,691	167,049
Transportation	20,019,742	20,461,810	9,577,376	9,220,709	18,798,085	(1,663,725)
Natural and economic environment	8,932,673	9,388,806	3,456,350	3,802,228	7,258,578	(2,130,228)
Social services	334,698	375,597	190,909	187,762	378,671	3,074
Cultural and recreation	30,330,511	31,415,948	14,586,457	16,115,454	30,701,911	(714,037)
<i>Debt service:</i>						
Principal	1,244,000	1,244,000	-	-	-	(1,244,000)
Interest and related charges	8,200	8,200	33,029	37,507	70,536	62,336
Capital outlay	26,727,833	44,941,250	8,604,109	22,975,079	31,579,188	(13,362,062)
Total expenditures	203,416,938	226,996,271	90,226,736	106,141,386	196,368,122	(30,628,149)
Revenues over (under) expenditures	(6,719,448)	(18,572,503)	11,992,767	9,857,228	21,849,995	40,422,498
OTHER FINANCING SOURCES (USES)						
General long-term debt proceeds	2,500,000	2,500,000	-	-	-	(2,500,000)
Sale of capital assets	-	-	765,000	-	765,000	765,000
Transfers in	1,290,000	1,740,000	640,000	1,083,000	1,723,000	(17,000)
Transfers out	(8,205,679)	(10,875,113)	(3,982,830)	(4,793,689)	(8,776,519)	2,098,594
Total other financing sources and (uses)	(4,415,679)	(6,635,113)	(2,577,830)	(3,710,689)	(6,288,519)	346,594
Net change in fund balances	(11,135,127)	(25,207,616)	9,414,937	6,146,539	15,561,476	40,769,092
Fund balances - beginning	35,873,474	60,854,679	59,101,769	68,516,706	59,101,769	(1,752,910)
Prior period adjustment	-	-	-	5,059,149	5,059,149	5,059,149
Fund balances - ending	\$ 24,738,347	\$ 35,647,063	\$ 68,516,706	\$ 79,722,394	\$ 79,722,394	\$ 44,075,331



CITY OF BELLINGHAM
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018

	Special Revenue Funds	Debt Service Funds	Capital Project Fund	Permanent Funds	Nonmajor Governmental Fund Totals
ASSETS					
Cash and cash equivalents	\$ 4,822,301	\$ 844,914	\$ 1,567,898	\$ 1,943,520	\$ 9,178,633
Investments	14,321,407	2,466,947	4,577,885	5,674,614	27,040,853
Receivables, net	1,331,353	-	45,798	-	1,377,151
Due from other governments	1,875,501	-	-	-	1,875,501
Due from component units	-	14,750,731	-	1,248,646	15,999,377
Interfund loans receivable	-	-	-	1,766,833	1,766,833
Notes and contracts receivable	25,348,218	-	-	-	25,348,218
Total assets	47,698,780	18,062,592	6,191,581	10,633,613	82,586,566
LIABILITIES					
Accounts payable	930,702	-	82,669	-	1,013,371
Accrued wages and benefits	266,526	-	-	-	266,526
Due to other funds	53,066	-	-	-	53,066
Total liabilities	1,250,294	-	82,669	-	1,332,963
FUND BALANCES					
Nonspendable	-	-	-	9,884,136	9,884,136
Restricted	46,448,486	18,062,592	6,108,912	749,477	71,369,467
Total fund balances	46,448,486	18,062,592	6,108,912	10,633,613	81,253,603
Total liabilities, deferred inflows of resources and fund balances	\$47,698,780	\$18,062,592	\$ 6,191,581	\$10,633,613	\$ 82,586,566

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2018

	Special Revenue Funds	Debt Service Funds	Capital Project Fund	Permanent Funds	Nonmajor Governmental Fund Totals
REVENUES					
<i>Taxes:</i>					
Property	\$ 3,040,137	\$ -	\$ 64,285	\$ -	\$ 3,104,422
Sales and use	7,731,303	-	1,000,000	-	8,731,303
Licenses and permits	299,340	-	-	-	299,340
Intergovernmental revenue	5,877,658	-	-	-	5,877,658
Charges for services	4,372,376	376,196	-	-	4,748,572
Investment income	307,107	21,099	76,482	88,166	492,854
Miscellaneous revenues	556,232	844,463	-	-	1,400,695
Total revenues	22,184,153	1,241,758	1,140,767	88,166	24,654,844
EXPENDITURES					
<i>Current:</i>					
Public safety	6,559,929	-	-	-	6,559,929
Transportation	512,162	-	-	-	512,162
Natural and economic environment	3,971,842	-	-	707	3,972,549
Cultural and recreation	91,644	-	-	7,475	99,119
<i>Debt service:</i>					
Principal	-	2,096,674	-	-	2,096,674
Interest and related charges	-	766,714	-	-	766,714
Capital outlay	8,719,512	-	377,950	-	9,097,462
Total expenditures	19,855,089	2,863,388	377,950	8,182	23,104,609
Revenues over (under) expenditures	2,329,064	(1,621,630)	762,817	79,984	1,550,235
OTHER FINANCING SOURCES (USES)					
Transfers in	600,000	1,366,876	-	-	1,966,876
Transfers out	(182,662)	(500,000)	-	-	(682,662)
Total other financing sources and (uses)	417,338	866,876	-	-	1,284,214
Net change in fund balances	2,746,402	(754,754)	762,817	79,984	2,834,449
Fund balances - beginning	42,381,889	18,817,346	5,226,836	10,553,629	76,979,700
Prior period adjustment	1,320,195	-	119,259	-	1,439,454
Fund balances - ending	\$ 46,448,486	\$ 18,062,592	\$ 6,108,912	\$ 10,633,613	\$ 81,253,603



SPECIAL REVENUE FUNDS**113 – Paths & Trails Reserve**

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

126 – Library Gift

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

131 – Olympic Pipeline Incident

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

136 – Environmental Remediation

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

150's - Police Special Purpose**151 – Police Federal Equitable Sharing**

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

152 – Asset Forfeiture/Drug Enforcement

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

153 – Criminal Justice

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

160 – Public Safety Dispatch

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

161 – Transportation Benefit District

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

162 – Public, Education and Government Access Television

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

180 – Tourism

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

181 – Low Income Housing

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

190 – HUD Grants

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

CITY OF BELLINGHAM
Combining Balance Sheet
Special Revenue Funds
December 31, 2018

	Paths and Trails Reserve	Library Gift	Olympic Pipeline Incident	Environmental Remediation	Police Special Purpose	Public Safety Dispatch	Transportation Benefit District	Public, Education & Govt TV	Tourism	Low Income Housing	HUD Grants	Special Revenue Fund Totals
ASSETS												
Cash and cash equivalents	\$ 33,341	\$ 88,075	\$ 112,980	\$ 236,816	\$ 123,477	\$ 490,101	\$ 1,900,740	\$ 236,048	\$ 306,201	\$ 1,294,522	\$ -	\$ 4,822,301
Investments	97,345	-	329,877	691,446	360,521	1,929,590	5,549,704	689,203	894,032	3,779,689	-	14,321,407
Receivables, net	-	-	-	11,599	-	-	1,050,160	-	227,778	41,816	-	1,331,353
Due from other governments	688	-	-	115,136	95,868	180,536	1,193,610	475	-	140	289,048	1,875,501
Notes and contracts receivable	-	-	-	-	-	-	-	-	-	9,458,710	15,889,508	25,348,218
Total assets	131,374	88,075	442,857	1,054,997	579,866	2,600,227	9,694,214	925,726	1,428,011	14,574,877	16,178,556	47,698,780
LIABILITIES												
Accounts payable	-	1,101	425	58,891	9,779	9,076	569,220	31,356	97,250	122,075	31,529	930,702
Accrued wages and benefits	-	-	-	-	-	254,256	-	11,581	689	-	-	266,526
Due to other funds	-	-	-	-	-	-	-	-	-	-	53,066	53,066
Total liabilities	-	1,101	425	58,891	9,779	263,332	569,220	42,937	97,939	122,075	84,595	1,250,294
FUND BALANCES												
Restricted	131,374	86,974	442,432	996,106	570,087	2,336,895	9,124,994	882,789	1,330,072	14,452,802	16,093,961	46,448,486
Total fund balances	131,374	86,974	442,432	996,106	570,087	2,336,895	9,124,994	882,789	1,330,072	14,452,802	16,093,961	46,448,486
Total liabilities, deferred inflows of resources and fund balances	\$ 131,374	\$ 88,075	\$ 442,857	\$ 1,054,997	\$ 579,866	\$ 2,600,227	\$ 9,694,214	\$ 925,726	\$ 1,428,011	\$ 14,574,877	\$ 16,178,556	\$ 47,698,780

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds
For the Year Ended December 31, 2018

	Paths and Trails Reserve	Library Gift	Olympic Pipeline Incident	Environmental Remediation	Police Special Purpose	Public Safety Dispatch	Transportation Benefit District	Public, Education & Govt TV	Tourism	Low Income Housing	HUD Grants	Special Revenue Fund Totals
REVENUES												
<i>Taxes:</i>												
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,040,137	\$ -	\$ 3,040,137
Sales and use	-	-	-	-	-	-	5,945,191	-	1,786,112	-	-	7,731,303
Licenses and permits	-	-	-	-	-	-	-	299,340	-	-	-	299,340
Intergovernmental revenue	8,734	-	-	242,238	584,577	2,206,167	1,980,283	-	-	-	855,659	5,877,658
Charges for services	-	-	-	-	-	4,318,389	50,000	2,565	-	1,422	-	4,372,376
Investment income	1,820	-	7,058	12,057	7,639	26,667	170,415	14,059	15,078	50,247	2,067	307,107
Miscellaneous revenues	-	108,449	-	75,264	12,272	2,804	24,805	128,904	-	62,130	141,604	556,232
Total revenues	10,554	108,449	7,058	329,559	604,488	6,554,027	8,170,694	444,868	1,801,190	3,153,936	999,330	22,184,153
EXPENDITURES												
<i>Current:</i>												
Public safety	-	-	-	-	301,989	6,257,940	-	-	-	-	-	6,559,929
Transportation	501	-	-	-	-	-	511,661	-	-	-	-	512,162
Natural and economic environment	-	-	30,988	731,922	-	-	-	421,008	1,483,538	647,314	657,072	3,971,842
Cultural and recreation	-	91,644	-	-	-	-	-	-	-	-	-	91,644
Capital outlay	-	-	-	-	336,210	131,266	8,252,036	-	-	-	-	8,719,512
Total expenditures	501	91,644	30,988	731,922	638,199	6,389,206	8,763,697	421,008	1,483,538	647,314	657,072	19,855,089
Revenues over (under) expenditures	10,053	16,805	(23,930)	(402,363)	(33,711)	164,821	(593,003)	23,860	317,652	2,506,622	342,258	2,329,064
OTHER FINANCING SOURCES (USES)												
Transfers in	-	-	-	600,000	-	-	-	-	-	-	-	600,000
Transfers out	-	-	-	-	-	-	-	(32,662)	(150,000)	-	-	(182,662)
Total other financing sources and (uses)	-	-	-	600,000	-	-	-	(32,662)	(150,000)	-	-	417,338
Net change in fund balances	10,053	16,805	(23,930)	197,637	(33,711)	164,821	(593,003)	(8,802)	167,652	2,506,622	342,258	2,746,402
Fund balances - beginning	119,874	70,169	466,362	798,469	514,538	2,172,074	8,714,186	891,591	936,743	11,946,180	15,751,703	42,381,889
Prior period adjustment	1,447	-	-	-	89,260	-	1,003,811	-	225,677	-	-	1,320,195
Fund balances - ending	\$ 131,374	\$ 86,974	\$ 442,432	\$ 996,106	\$ 570,087	\$ 2,336,895	\$ 9,124,994	\$ 882,789	\$ 1,330,072	\$ 14,452,802	\$ 16,093,961	\$ 46,448,486

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
Paths and Trails Reserve Fund
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts GAAP Basis	2018 Actual Amounts GAAP Basis	Total Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Intergovernmental revenue	\$ 15,500	\$ 15,500	\$ 9,188	\$ 8,734	\$ 17,922	\$ 2,422
Investment income	528	528	717	1,820	2,537	2,009
Total revenues	16,028	16,028	9,905	10,554	20,459	4,431
EXPENDITURES						
Current:						
Transportation	1,003	1,003	502	501	1,003	-
Total expenditures	1,003	1,003	502	501	1,003	-
Revenues over (under) expenditures	15,025	15,025	9,403	10,053	19,456	4,431
OTHER FINANCING SOURCES (USES)						
Total other financing sources and (uses)	-	-	-	-	-	-
Net change in fund balances	15,025	15,025	9,403	10,053	19,456	4,431
Fund balances - beginning	82,232	111,225	110,471	119,874	110,471	(754)
Prior period adjustment	-	-	-	1,447	1,447	1,447
Fund balances - ending	\$ 97,257	\$ 126,250	\$ 119,874	\$ 131,374	\$ 131,374	\$ 5,124

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
Library Gift Fund
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts GAAP Basis	2018 Actual Amounts GAAP Basis	Total Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Miscellaneous revenues	\$ 100,000	\$ 100,000	\$ 61,436	\$ 108,449	\$ 169,885	\$ 69,885
Total revenues	100,000	100,000	61,436	108,449	169,885	69,885
EXPENDITURES						
Current:						
Cultural and recreation	100,305	163,663	68,967	91,644	160,611	(3,052)
Total expenditures	100,305	163,663	68,967	91,644	160,611	(3,052)
Revenues over (under) expenditures	(305)	(63,663)	(7,531)	16,805	9,274	72,937
OTHER FINANCING SOURCES (USES)						
Total other financing sources and (uses)	-	-	-	-	-	-
Net change in fund balances	(305)	(63,663)	(7,531)	16,805	9,274	72,937
Fund balances - beginning	5,000	77,700	77,700	70,169	77,700	-
Fund balances - ending	\$ 4,695	\$ 14,037	\$ 70,169	\$ 86,974	\$ 86,974	\$ 72,937

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
Olympic Pipeline Incident Fund
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts GAAP Basis	2018 Actual Amounts GAAP Basis	Total Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Investment income	\$ 10,944	\$ 10,944	\$ 3,403	\$ 7,058	\$ 10,461	\$ (483)
Total revenues	10,944	10,944	3,403	7,058	10,461	(483)
EXPENDITURES						
Current:						
Natural and economic environment	92,813	92,813	16,583	30,988	47,571	(45,242)
Total expenditures	92,813	92,813	16,583	30,988	47,571	(45,242)
Revenues over (under) expenditures	(81,869)	(81,869)	(13,180)	(23,930)	(37,110)	44,759
OTHER FINANCING SOURCES (USES)						
Total other financing sources and (uses)	-	-	-	-	-	-
Net change in fund balances	(81,869)	(81,869)	(13,180)	(23,930)	(37,110)	44,759
Fund balances - beginning	482,225	482,840	479,542	466,362	479,542	(3,298)
Fund balances - ending	\$ 400,356	\$ 400,971	\$ 466,362	\$ 442,432	\$ 442,432	\$ 41,461

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
Environmental Remediation Fund
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts GAAP Basis	2018 Actual Amounts GAAP Basis	Total Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Intergovernmental revenue	\$ 2,416,815	\$ 2,696,678	\$ 138,843	\$ 242,238	\$ 381,081	\$ (2,315,597)
Investment income	11,968	11,968	2,057	12,057	14,114	2,146
Miscellaneous revenues	-	899,935	376,051	75,264	451,315	(448,620)
Total revenues	2,428,783	3,608,581	516,951	329,559	846,510	(2,762,071)
EXPENDITURES						
Current:						
Natural and economic environment	4,628,393	4,808,191	872,336	731,922	1,604,258	(3,203,933)
Total expenditures	4,628,393	4,808,191	872,336	731,922	1,604,258	(3,203,933)
Revenues over (under) expenditures	(2,199,610)	(1,199,610)	(355,385)	(402,363)	(757,748)	441,862
OTHER FINANCING SOURCES (USES)						
Transfers in	1,200,000	1,200,000	600,000	600,000	1,200,000	-
Total other financing sources and (uses)	1,200,000	1,200,000	600,000	600,000	1,200,000	-
Net change in fund balances	(999,610)	390	244,615	197,637	442,252	441,862
Fund balances - beginning	1,343,106	261,200	553,854	798,469	553,854	292,654
Fund balances - ending	\$ 343,496	\$ 261,590	\$ 798,469	\$ 996,106	\$ 996,106	\$ 734,516

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
Police Special Purpose Funds
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts GAAP Basis	2018 Actual Amounts GAAP Basis	Total Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Intergovernmental revenue	\$ 864,980	\$ 1,059,436	\$ 363,676	\$ 584,577	\$ 948,253	\$ (111,183)
Investment income	19,314	19,314	2,437	7,639	10,076	(9,238)
Miscellaneous revenues	50,000	50,000	47,708	12,272	59,980	9,980
Total revenues	934,294	1,128,750	413,821	604,488	1,018,309	(110,441)
EXPENDITURES						
Current:						
Public safety	902,023	902,023	398,507	301,989	700,496	(201,527)
Capital outlay	55,000	314,275	29,989	336,210	366,199	51,924
Total expenditures	957,023	1,216,298	428,496	638,199	1,066,695	(149,603)
Revenues over (under) expenditures	(22,729)	(87,548)	(14,675)	(33,711)	(48,386)	39,162
OTHER FINANCING SOURCES (USES)						
Total other financing sources and (uses)	-	-	-	-	-	-
Net change in fund balances	(22,729)	(87,548)	(14,675)	(33,711)	(48,386)	39,162
Fund balances - beginning	352,891	517,454	529,213	514,538	529,213	11,759
Prior period adjustment	-	-	-	89,260	89,260	89,260
Fund balances - ending	\$ 330,162	\$ 429,906	\$ 514,538	\$ 570,087	\$ 570,087	\$ 140,181

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
Public Safety Dispatch Fund
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts GAAP Basis	2018 Actual Amounts GAAP Basis	Total Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Intergovernmental revenue	\$ 3,900,000	\$ 3,900,000	\$ 2,060,284	\$ 2,206,167	\$ 4,266,451	\$ 366,451
Charges for services	7,559,261	7,870,918	3,589,689	4,318,389	7,908,078	37,160
Investment income	46,738	46,738	17,342	26,667	44,009	(2,729)
Miscellaneous revenues	-	-	1,718	2,804	4,522	4,522
Total revenues	11,505,999	11,817,656	5,669,033	6,554,027	12,223,060	405,404
EXPENDITURES						
Current:						
Public safety	10,835,117	11,764,008	5,406,753	6,257,940	11,664,693	(99,315)
Capital outlay	155,000	1,068,687	1,067,851	131,266	1,199,117	130,430
Total expenditures	10,990,117	12,832,695	6,474,604	6,389,206	12,863,810	31,115
Revenues over (under) expenditures	515,882	(1,015,039)	(805,571)	164,821	(640,750)	374,289
OTHER FINANCING SOURCES (USES)						
Total other financing sources and (uses)	-	-	-	-	-	-
Net change in fund balances	515,882	(1,015,039)	(805,571)	164,821	(640,750)	374,289
Fund balances - beginning	1,584,384	2,754,288	2,977,645	2,172,074	2,977,645	223,357
Fund balances - ending	\$ 2,100,266	\$ 1,739,249	\$ 2,172,074	\$ 2,336,895	\$ 2,336,895	\$ 597,646

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
Transportation Benefit District Fund
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts GAAP Basis	2018 Actual Amounts GAAP Basis	Total Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
REVENUES						
<i>Taxes:</i>						
Sales and use	\$ 9,457,600	\$ 9,457,600	\$ 5,473,547	\$ 5,945,191	\$ 11,418,738	\$ 1,961,138
Intergovernmental revenue	-	-	118,423	1,980,283	2,098,706	2,098,706
Charges for services	-	-	-	50,000	50,000	50,000
Investment income	45,578	45,578	33,659	170,415	204,074	158,496
Miscellaneous revenues	-	-	-	24,805	24,805	24,805
Total revenues	9,503,178	9,503,178	5,625,629	8,170,694	13,796,323	4,293,145
EXPENDITURES						
<i>Current:</i>						
Transportation	1,222,847	1,222,847	515,003	511,661	1,026,664	(196,183)
Capital outlay	10,100,000	11,435,927	2,744,570	8,252,036	10,996,606	(439,321)
Total expenditures	11,322,847	12,658,774	3,259,573	8,763,697	12,023,270	(635,504)
Revenues over (under) expenditures	(1,819,669)	(3,155,596)	2,366,056	(593,003)	1,773,053	4,928,649
OTHER FINANCING SOURCES (USES)						
Total other financing sources and (uses)	-	-	-	-	-	-
Net change in fund balances	(1,819,669)	(3,155,596)	2,366,056	(593,003)	1,773,053	4,928,649
Fund balances - beginning	2,787,961	6,466,035	6,348,130	8,714,186	6,348,130	(117,905)
Prior period adjustment	-	-	-	1,003,811	1,003,811	1,003,811
Fund balances - ending	\$ 968,292	\$ 3,310,439	\$ 8,714,186	\$ 9,124,994	\$ 9,124,994	\$ 5,814,555

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
Public, Education & Govt TV Fund
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts GAAP Basis	2018 Actual Amounts GAAP Basis	Total Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Licenses and permits	\$ 626,000	\$ 626,000	\$ 317,999	\$ 299,340	\$ 617,339	\$ (8,661)
Charges for services	4,420	4,420	1,900	2,565	4,465	45
Investment income	9,120	9,120	10,919	14,059	24,978	15,858
Miscellaneous revenues	220,000	220,000	107,678	128,904	236,582	16,582
Total revenues	859,540	859,540	438,496	444,868	883,364	23,824
EXPENDITURES						
Current:						
Natural and economic environment	687,450	687,450	348,410	421,008	769,418	81,968
Capital outlay	295,000	312,000	-	-	-	(312,000)
Total expenditures	982,450	999,450	348,410	421,008	769,418	(230,032)
Revenues over (under) expenditures	(122,910)	(139,910)	90,086	23,860	113,946	253,856
OTHER FINANCING SOURCES (USES)						
Transfers out	(490,000)	(490,000)	(490,000)	(32,662)	(522,662)	(32,662)
Total other financing sources and (uses)	(490,000)	(490,000)	(490,000)	(32,662)	(522,662)	(32,662)
Net change in fund balances	(612,910)	(629,910)	(399,914)	(8,802)	(408,716)	221,194
Fund balances - beginning	1,048,000	1,300,508	1,291,505	891,591	1,291,505	(9,003)
Fund balances - ending	\$ 435,090	\$ 670,598	\$ 891,591	\$ 882,789	\$ 882,789	\$ 212,191

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
Tourism Fund
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts GAAP Basis	2018 Actual Amounts GAAP Basis	Total Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
REVENUES						
<i>Taxes:</i>						
Sales and use	\$ 3,077,075	\$ 3,229,075	\$ 1,666,154	\$ 1,786,112	\$ 3,452,266	\$ 223,191
Investment income	8,334	8,334	4,531	15,078	19,609	11,275
Total revenues	3,085,409	3,237,409	1,670,685	1,801,190	3,471,875	234,466
EXPENDITURES						
<i>Current:</i>						
Natural and economic environment	3,089,575	3,251,575	1,392,394	1,483,538	2,875,932	(375,643)
Total expenditures	3,089,575	3,251,575	1,392,394	1,483,538	2,875,932	(375,643)
Revenues over (under) expenditures	(4,166)	(14,166)	278,291	317,652	595,943	610,109
OTHER FINANCING SOURCES (USES)						
Transfers out	(300,000)	(300,000)	(150,000)	(150,000)	(300,000)	-
Total other financing sources and (uses)	(300,000)	(300,000)	(150,000)	(150,000)	(300,000)	-
Net change in fund balances	(304,166)	(314,166)	128,291	167,652	295,943	610,109
Fund balances - beginning	500,000	814,742	808,452	936,743	808,452	(6,290)
Prior period adjustment	-	-	-	225,677	225,677	225,677
Fund balances - ending	\$ 195,834	\$ 500,576	\$ 936,743	\$ 1,330,072	\$ 1,330,072	\$ 829,496

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
Low Income Housing Fund
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts GAAP Basis	2018 Actual Amounts GAAP Basis	Total Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
REVENUES						
<i>Taxes:</i>						
Property	\$ 6,000,000	\$ 6,000,000	\$ 2,993,635	\$ 3,040,137	\$ 6,033,772	\$ 33,772
Charges for services	-	-	117,500	1,422	118,922	118,922
Investment income	27,545	27,546	7,710	50,247	57,957	30,411
Miscellaneous revenues	-	-	94,531	62,130	156,661	156,661
Total revenues	6,027,545	6,027,546	3,213,376	3,153,936	6,367,312	339,766
EXPENDITURES						
<i>Current:</i>						
Natural and economic environment	8,527,545	8,356,545	622,200	647,314	1,269,514	(7,087,031)
Total expenditures	8,527,545	8,356,545	622,200	647,314	1,269,514	(7,087,031)
Revenues over (under) expenditures	(2,500,000)	(2,328,999)	2,591,176	2,506,622	5,097,798	7,426,797
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	1,834,876	-	1,834,876	1,834,876
Total other financing sources and (uses)	-	-	1,834,876	-	1,834,876	1,834,876
Net change in fund balances	(2,500,000)	(2,328,999)	4,426,052	2,506,622	6,932,674	9,261,673
Fund balances - beginning	2,500,000	2,236,974	7,520,128	11,946,180	7,520,128	5,283,154
Fund balances - ending	\$ -	\$ (92,025)	\$ 11,946,180	\$ 14,452,802	\$ 14,452,802	\$ 14,544,827

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
HUD Grants Funds
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts GAAP Basis	2018 Actual Amounts GAAP Basis	Total Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Intergovernmental revenue	\$ 5,623,935	\$ 5,623,935	\$ 1,326,020	\$ 855,659	\$ 2,181,679	\$ (3,442,256)
Charges for services	529,254	529,254	-	-	-	(529,254)
Investment income	546	546	469	2,067	2,536	1,990
Miscellaneous revenues	140,602	140,602	96,397	141,604	238,001	97,399
Total revenues	6,294,337	6,294,337	1,422,886	999,330	2,422,216	(3,872,121)
EXPENDITURES						
Current:						
Natural and economic environment	6,294,337	6,294,337	658,752	657,072	1,315,824	(4,978,513)
Total expenditures	6,294,337	6,294,337	658,752	657,072	1,315,824	(4,978,513)
Revenues over (under) expenditures	-	-	764,134	342,258	1,106,392	1,106,392
OTHER FINANCING SOURCES (USES)						
Total other financing sources and (uses)	-	-	-	-	-	-
Net change in fund balances	-	-	764,134	342,258	1,106,392	1,106,392
Fund balances - beginning	-	-	14,987,569	15,751,703	14,987,569	14,987,569
Fund balances - ending	\$ -	\$ -	\$ 15,751,703	\$ 16,093,961	\$ 16,093,961	\$ 16,093,961

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
Total Special Revenue Funds
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts GAAP Basis	2018 Actual Amounts GAAP Basis	Total Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
REVENUES						
<i>Taxes:</i>						
Property	\$ 6,000,000	\$ 6,000,000	\$ 2,993,635	\$ 3,040,137	\$ 6,033,772	\$ 33,772
Sales and use	12,534,675	12,686,675	7,139,701	7,731,303	14,871,004	2,184,329
Licenses and permits	626,000	626,000	317,999	299,340	617,339	(8,661)
Intergovernmental revenue	12,821,230	13,295,549	4,016,434	5,877,658	9,894,092	(3,401,457)
Charges for services	8,092,935	8,404,592	3,709,089	4,372,376	8,081,465	(323,127)
Investment income	180,615	180,616	83,244	307,107	390,351	209,735
Miscellaneous revenues	510,602	1,410,537	785,519	556,232	1,341,751	(68,786)
Total revenues	40,766,057	42,603,969	19,045,621	22,184,153	41,229,774	(1,374,195)
EXPENDITURES						
<i>Current:</i>						
Public safety	11,737,140	12,666,031	5,805,260	6,559,929	12,365,189	(300,842)
Transportation	1,223,850	1,223,850	515,505	512,162	1,027,667	(196,183)
Natural and economic environment	23,320,113	23,490,911	3,910,675	3,971,842	7,882,517	(15,608,394)
Cultural and recreation	100,305	163,663	68,967	91,644	160,611	(3,052)
Capital outlay	10,605,000	13,130,889	3,842,410	8,719,512	12,561,922	(568,967)
Total expenditures	46,986,408	50,675,344	14,142,817	19,855,089	33,997,906	(16,677,438)
Revenues over (under) expenditures	(6,220,351)	(8,071,375)	4,902,804	2,329,064	7,231,868	15,303,243
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	1,834,876	-	1,834,876	1,834,876
Transfers in	1,200,000	1,200,000	600,000	600,000	1,200,000	-
Transfers out	(790,000)	(790,000)	(640,000)	(182,662)	(822,662)	(32,662)
Total other financing sources and (uses)	410,000	410,000	1,794,876	417,338	2,212,214	1,802,214
Net change in fund balances	(5,810,351)	(7,661,375)	6,697,680	2,746,402	9,444,082	17,105,457
Fund balances - beginning	10,685,799	15,022,966	35,684,209	42,381,889	35,684,209	20,661,243
Prior period adjustment	-	-	-	1,320,195	1,320,195	1,320,195
Fund balances - ending	\$ 4,875,448	\$ 7,361,591	\$ 42,381,889	\$ 46,448,486	\$ 46,448,486	\$ 39,086,895



DEBT SERVICE FUNDS**224 – 2004 Sportsplex LTGO Bond**

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

225 – 2004 PFD/Civic Field LTGO Bond**126 – Library Gift**

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

226 – 2011 Qualified Energy Conservation Bond (QECB)

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

227 - 2016 PFD Refunding Bond

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

231 – Drake Note

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

235 – Governmental Debt Service

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

245 – Local Improvement District (LID) Guaranty

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

CITY OF BELLINGHAM
Combining Balance Sheet
Debt Service Funds
December 31, 2018

	2004 Sportsplex LTGO Bond	2004 PFD/Civic Field LTGO Bond	2011 QEC Bond	2016 PFD Refunding Bond	Drake Note	Governmental Debt Service	LID Guaranty	Debt Service Fund Totals
ASSETS								
Cash and cash equivalents	\$ 6,168	\$ -	\$ 819,628	\$ -	\$ -	\$ -	\$ 19,118	\$ 844,914
Investments	18,010	-	2,393,115	-	-	-	55,822	2,466,947
Due from component units	-	5,455,731	-	9,295,000	-	-	-	14,750,731
Total assets	24,178	5,455,731	3,212,743	9,295,000	-	-	74,940	18,062,592
LIABILITIES								
Total liabilities	-	-	-	-	-	-	-	-
FUND BALANCES								
Restricted	24,178	5,455,731	3,212,743	9,295,000	-	-	74,940	18,062,592
Total fund balances	24,178	5,455,731	3,212,743	9,295,000	-	-	74,940	18,062,592
Total liabilities, deferred inflows of resources and fund balances	\$ 24,178	\$ 5,455,731	\$ 3,212,743	\$ 9,295,000	\$ -	\$ -	\$ 74,940	\$ 18,062,592

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Debt Service Funds
For the Year Ended December 31, 2018

	2004 Sportsplex LTGO Bond	2004 PFD/Civic Field LTGO Bond	2011 QEC Bond	2016 PFD Refunding Bond	Drake Note	Governmental Debt Service	LID Guaranty	Debt Service Fund Totals
REVENUES								
Charges for services	\$ -	\$ -	\$ 376,196	\$ -	\$ -	\$ -	\$ -	\$ 376,196
Investment income	4	-	14,005	-	-	-	7,090	21,099
Miscellaneous revenues	267,707	264,718	-	312,038	-	-	-	844,463
Total revenues	267,711	264,718	390,201	312,038	-	-	7,090	1,241,758
EXPENDITURES								
Debt service:								
Principal	185,000	1,185,000	-	195,000	13,087	518,587	-	2,096,674
Interest and related charges	82,706	211,051	-	312,038	4,876	156,043	-	766,714
Total expenditures	267,706	1,396,051	-	507,038	17,963	674,630	-	2,863,388
Revenues over (under) expenditures	5	(1,131,333)	390,201	(195,000)	(17,963)	(674,630)	7,090	(1,621,630)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	674,283	-	-	17,963	674,630	-	1,366,876
Transfers out	-	-	-	-	-	-	(500,000)	(500,000)
Total other financing sources and (uses)	-	674,283	-	-	17,963	674,630	(500,000)	866,876
Net change in fund balances	5	(457,050)	390,201	(195,000)	-	-	(492,910)	(754,754)
Fund balances - beginning	24,173	5,912,781	2,822,542	9,490,000	-	-	567,850	18,817,346
Fund balances - ending	\$ 24,178	\$ 5,455,731	\$ 3,212,743	\$ 9,295,000	\$ -	\$ -	\$ 74,940	\$ 18,062,592

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
2004 Sportsplex LTGO Bond Fund
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts GAAP Basis	2018 Actual Amounts GAAP Basis	Total Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Investment income	\$ 1,074	\$ 1,074	\$ 283	\$ 4	\$ 287	\$ (787)
Miscellaneous revenues	577,000	577,000	264,707	267,707	532,414	(44,586)
Total revenues	578,074	578,074	264,990	267,711	532,701	(45,373)
EXPENDITURES						
Debt service:						
Principal	360,000	360,000	175,000	185,000	360,000	-
Interest and related charges	173,126	173,126	89,707	82,706	172,413	(713)
Total expenditures	533,126	533,126	264,707	267,706	532,413	(713)
Revenues over (under) expenditures	44,948	44,948	283	5	288	(44,660)
OTHER FINANCING SOURCES (USES)						
Total other financing sources and (uses)	-	-	-	-	-	-
Net change in fund balances	44,948	44,948	283	5	288	(44,660)
Fund balances - beginning	24,500	23,890	23,890	24,173	23,890	-
Fund balances - ending	\$ 69,448	\$ 68,838	\$ 24,173	\$ 24,178	\$ 24,178	\$ (44,660)

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
2004 PFD/Civic Field LTGO Bond
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts GAAP Basis	2018 Actual Amounts GAAP Basis	Total Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Miscellaneous revenues	\$ 1,420,816	\$ 1,420,816	\$ 280,487	\$ 264,718	\$ 545,205	\$ (875,611)
Total revenues	1,420,816	1,420,816	280,487	264,718	545,205	(875,611)
EXPENDITURES						
Debt service:						
Principal	2,285,000	2,285,000	1,100,000	1,185,000	2,285,000	-
Interest and related charges	466,826	466,826	255,051	211,051	466,102	(724)
Total expenditures	2,751,826	2,751,826	1,355,051	1,396,051	2,751,102	(724)
Revenues over (under) expenditures	(1,331,010)	(1,331,010)	(1,074,564)	(1,131,333)	(2,205,897)	(874,887)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,330,990	1,330,990	656,003	674,283	1,330,286	(704)
Total other financing sources and (uses)	1,330,990	1,330,990	656,003	674,283	1,330,286	(704)
Net change in fund balances	(20)	(20)	(418,561)	(457,050)	(875,611)	(875,591)
Fund balances - beginning	-	-	6,331,342	5,912,781	6,331,342	6,331,342
Fund balances - ending	\$ (20)	\$ (20)	\$ 5,912,781	\$ 5,455,731	\$ 5,455,731	\$ 5,455,751

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
2011 QEC Bond Fund
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts GAAP Basis	2018 Actual Amounts GAAP Basis	Total Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Charges for services	\$ 746,536	\$ 746,536	\$ 375,501	\$ 376,196	\$ 751,697	\$ 5,161
Investment income	10,798	10,798	25,546	14,005	39,551	28,753
Total revenues	757,334	757,334	401,047	390,201	791,248	33,914
EXPENDITURES						
Total expenditures	-	-	-	-	-	-
Revenues over (under) expenditures	757,334	757,334	401,047	390,201	791,248	33,914
OTHER FINANCING SOURCES (USES)						
Total other financing sources and (uses)	-	-	-	-	-	-
Net change in fund balances	757,334	757,334	401,047	390,201	791,248	33,914
Fund balances - beginning	2,425,000	2,421,495	2,421,495	2,822,542	2,421,495	-
Fund balances - ending	\$ 3,182,334	\$ 3,178,829	\$ 2,822,542	\$ 3,212,743	\$ 3,212,743	\$ 33,914

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
2016 PFD Refunding Bond Fund
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts GAAP Basis	2018 Actual Amounts GAAP Basis	Total Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Charges for services	\$ -	\$ -	\$ 600	\$ -	\$ 600	\$ 600
Miscellaneous revenues	624,076	624,076	312,038	312,038	624,076	-
Total revenues	624,076	624,076	312,638	312,038	624,676	600
EXPENDITURES						
Debt service:						
Principal	195,000	195,000	-	195,000	195,000	-
Interest and related charges	624,076	624,076	312,638	312,038	624,676	600
Total expenditures	819,076	819,076	312,638	507,038	819,676	600
Revenues over (under) expenditures	(195,000)	(195,000)	-	(195,000)	(195,000)	-
OTHER FINANCING SOURCES (USES)						
Total other financing sources and (uses)	-	-	-	-	-	-
Net change in fund balances	(195,000)	(195,000)	-	(195,000)	(195,000)	-
Fund balances - beginning	-	-	9,490,000	9,490,000	9,490,000	9,490,000
Fund balances - ending	\$ (195,000)	\$ (195,000)	\$ 9,490,000	\$ 9,295,000	\$ 9,295,000	\$ 9,490,000

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
Drake Note Fund
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts GAAP Basis	2018 Actual Amounts GAAP Basis	Total Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES						
Debt service:						
Principal	22,764	22,764	12,204	13,087	25,291	2,527
Interest and related charges	13,164	13,164	5,759	4,876	10,635	(2,529)
Total expenditures	35,928	35,928	17,963	17,963	35,926	(2)
Revenues over (under) expenditures	(35,928)	(35,928)	(17,963)	(17,963)	(35,926)	2
OTHER FINANCING SOURCES (USES)						
Transfers in	35,928	35,928	17,963	17,963	35,926	(2)
Total other financing sources and (uses)	35,928	35,928	17,963	17,963	35,926	(2)
Net change in fund balances	-	-	-	-	-	-
Fund balances - beginning	-	-	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
Governmental Debt Service Fund
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts GAAP Basis	2018 Actual Amounts GAAP Basis	Total Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES						
Debt service:						
Principal	\$ 1,017,780	\$ 1,017,780	\$ 499,196	\$ 518,587	\$ 1,017,783	\$ 3
Interest and related charges	328,020	328,020	171,974	156,043	328,017	(3)
Total expenditures	1,345,800	1,345,800	671,170	674,630	1,345,800	-
Revenues over (under) expenditures	(1,345,800)	(1,345,800)	(671,170)	(674,630)	(1,345,800)	-
OTHER FINANCING SOURCES (USES)						
Transfers in	1,345,800	1,345,800	671,170	674,630	1,345,800	-
Total other financing sources and (uses)	1,345,800	1,345,800	671,170	674,630	1,345,800	-
Net change in fund balances	-	-	-	-	-	-
Fund balances - beginning	-	-	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
LID Guaranty Fund
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts GAAP Basis	2018 Actual Amounts GAAP Basis	Total Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Investment income	\$ 5,682	\$ 5,682	\$ 3,875	\$ 7,090	\$ 10,965	\$ 5,283
Total revenues	5,682	5,682	3,875	7,090	10,965	5,283
EXPENDITURES						
Total expenditures	-	-	-	-	-	-
Revenues over (under) expenditures	5,682	5,682	3,875	7,090	10,965	5,283
OTHER FINANCING SOURCES (USES)						
Transfers out	(500,000)	(500,000)	-	(500,000)	(500,000)	-
Total other financing sources and (uses)	(500,000)	(500,000)	-	(500,000)	(500,000)	-
Net change in fund balances	(494,318)	(494,318)	3,875	(492,910)	(489,035)	5,283
Fund balances - beginning	506,000	567,141	563,975	567,850	563,975	(3,166)
Fund balances - ending	\$ 11,682	\$ 72,823	\$ 567,850	\$ 74,940	\$ 74,940	\$ 2,117

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
Total Debt Service Funds
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts GAAP Basis	2018 Actual Amounts GAAP Basis	Total Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Charges for services	\$ 746,536	\$ 746,536	\$ 376,101	\$ 376,196	\$ 752,297	\$ 5,761
Investment income	17,554	17,554	29,704	21,099	50,803	33,249
Miscellaneous revenues	2,621,892	2,621,892	857,232	844,463	1,701,695	(920,197)
Total revenues	3,385,982	3,385,982	1,263,037	1,241,758	2,504,795	(881,187)
EXPENDITURES						
Debt service:						
Principal	3,880,544	3,880,544	1,786,400	2,096,674	3,883,074	2,530
Interest and related charges	1,605,212	1,605,212	835,129	766,714	1,601,843	(3,369)
Total expenditures	5,485,756	5,485,756	2,621,529	2,863,388	5,484,917	(839)
Revenues over (under) expenditures	(2,099,774)	(2,099,774)	(1,358,492)	(1,621,630)	(2,980,122)	(880,348)
OTHER FINANCING SOURCES (USES)						
Transfers in	2,712,718	2,712,718	1,345,136	1,366,876	2,712,012	(706)
Transfers out	(500,000)	(500,000)	-	(500,000)	(500,000)	-
Total other financing sources and (uses)	2,212,718	2,212,718	1,345,136	866,876	2,212,012	(706)
Net change in fund balances	112,944	112,944	(13,356)	(754,754)	(768,110)	(881,054)
Fund balances - beginning	2,955,500	3,012,526	18,830,702	18,817,346	18,830,702	15,818,176
Fund balances - ending	\$ 3,068,444	\$ 3,125,470	\$ 18,817,346	\$ 18,062,592	\$ 18,062,592	\$ 14,937,122



CAPITAL PROJECTS FUND**371 – Waterfront Construction #1**

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

CITY OF BELLINGHAM
Balance Sheet
Capital Project Fund
December 31, 2018

	<u>Waterfront Construction</u>
ASSETS	
Cash and cash equivalents	\$ 1,567,898
Investments	4,577,885
Receivables, net	<u>45,798</u>
Total assets	<u><u>6,191,581</u></u>
LIABILITIES	
Accounts payable	<u>82,669</u>
Total liabilities	<u><u>82,669</u></u>
FUND BALANCES	
Restricted	<u>6,108,912</u>
Total fund balances	<u><u>6,108,912</u></u>
 Total liabilities, deferred inflows of resources and fund balances	 <u><u>\$ 6,191,581</u></u>

CITY OF BELLINGHAM
Statement of Revenues, Expenditures and Changes in Fund Balance
Capital Project Fund
For the Year Ended December 31, 2018

	<u>Waterfront Construction</u>
REVENUES	
<i>Taxes:</i>	
Property	\$ 64,285
Sales and use	1,000,000
Investment income	76,482
Total revenues	<u><u>1,140,767</u></u>
EXPENDITURES	
Current:	
Capital outlay	377,950
Total expenditures	<u><u>377,950</u></u>
Revenues over (under) expenditures	762,817
OTHER FINANCING SOURCES (USES)	
Total other financing sources and (uses)	<u><u>-</u></u>
Net change in fund balances	762,817
Fund balances - beginning	5,226,836
Prior period adjustment	119,259
Fund balances - ending	<u><u>\$ 6,108,912</u></u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Waterfront Construction
From Inception and For the Year Ended December 31, 2018

	Total Project Budgeted	Prior Years' Actuals	Current Year Actuals	Total Actuals to Date
REVENUES				
<i>Taxes:</i>				
Property	\$ 142,260	\$ 181,124	\$ 64,285	\$ 245,409
Sales and use	5,055,300	4,880,741	1,000,000	5,880,741
Investment income	72,964	36,991	76,482	113,473
Total revenues	5,270,524	5,098,856	1,140,767	6,239,623
EXPENDITURES				
Capital outlay	627,980	122,020	377,950	499,970
Total expenditures	627,980	122,020	377,950	499,970
Revenues over (under) expenditures	4,642,544	4,976,836	762,817	5,739,653
OTHER FINANCING SOURCES (USES)				
Transfers in	125,000	250,000	-	250,000
Total other financing sources and (uses)	125,000	250,000	-	250,000
Net change in fund balances	\$ 4,767,544	\$ 5,226,836	762,817	5,989,653
Fund balances - beginning			5,226,836	-
Prior period adjustment			119,259	119,259
Fund balances - ending			\$ 6,108,912	\$ 6,108,912



PERMANENT FUNDS**701 – Greenways Maintenance Endowment**

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

702 – Natural Resource Protection and Restoration

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

CITY OF BELLINGHAM
Combining Balance Sheet
Permanent Funds
December 31, 2018

	Greenways Maintenance Endowment	Natural Resources Protection & Restoration	Permanent Fund Totals
ASSETS			
Cash and cash equivalents	\$ 1,053,687	\$ 889,833	\$ 1,943,520
Investments	3,076,515	2,598,099	5,674,614
Due from component units	-	1,248,646	1,248,646
Interfund loans receivable	1,766,833	-	1,766,833
Total assets	5,897,035	4,736,578	10,633,613
LIABILITIES			
Total liabilities	-	-	-
FUND BALANCES			
Nonspendable	5,884,136	4,000,000	9,884,136
Restricted	12,899	736,578	749,477
Total fund balances	5,897,035	4,736,578	10,633,613
Total liabilities, deferred inflows of resources and fund balances	\$ 5,897,035	\$ 4,736,578	\$ 10,633,613

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Permanent Funds
For the Year Ended December 31, 2018

	Greenways Maintenance Endowment	Natural Resources Protection & Restoration	Permanent Fund Totals
REVENUES			
Investment income	\$ (4,603)	\$ 92,769	\$ 88,166
Total revenues	<u>(4,603)</u>	<u>92,769</u>	<u>88,166</u>
EXPENDITURES			
Current:			
Natural and economic environment	-	707	707
Cultural and recreation	7,475	-	7,475
Total expenditures	<u>7,475</u>	<u>707</u>	<u>8,182</u>
Revenues over (under) expenditures	(12,078)	92,062	79,984
OTHER FINANCING SOURCES (USES)			
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(12,078)	92,062	79,984
Fund balances - beginning	5,909,113	4,644,516	10,553,629
Fund balances - ending	<u>\$ 5,897,035</u>	<u>\$ 4,736,578</u>	<u>\$ 10,633,613</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
Greenways Maintenance Endowment
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts GAAP Basis	2018 Actual Amounts GAAP Basis	Total Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Investment income	\$ 24,614	\$ 24,614	\$ (14,956)	\$ (4,603)	\$ (19,559)	\$ (44,173)
Total revenues	24,614	24,614	(14,956)	(4,603)	(19,559)	(44,173)
EXPENDITURES						
Current:						
Cultural and recreation	15,175	15,175	7,700	7,475	15,175	-
Total expenditures	15,175	15,175	7,700	7,475	15,175	-
Revenues over (under) expenditures	9,439	9,439	(22,656)	(12,078)	(34,734)	(44,173)
OTHER FINANCING SOURCES (USES)						
Total other financing sources and (uses)	-	-	-	-	-	-
Net change in fund balances	9,439	9,439	(22,656)	(12,078)	(34,734)	(44,173)
Fund balances - beginning	2,648,341	3,331,134	5,931,769	5,909,113	5,931,769	2,600,635
Fund balances - ending	\$ 2,657,780	\$ 3,340,573	\$ 5,909,113	\$ 5,897,035	\$ 5,897,035	\$ 2,556,462

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
Natural Resources Protection & Restoration
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts GAAP Basis	2018 Actual Amounts GAAP Basis	Total Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Investment income	\$ 139,721	\$ 139,721	\$ 66,983	\$ 92,769	\$ 159,752	\$ 20,031
Total revenues	139,721	139,721	66,983	92,769	159,752	20,031
EXPENDITURES						
Current:						
Natural and economic environment	513,011	728,136	506	707	1,213	(726,923)
Total expenditures	513,011	728,136	506	707	1,213	(726,923)
Revenues over (under) expenditures	(373,290)	(588,415)	66,477	92,062	158,539	746,954
OTHER FINANCING SOURCES (USES)						
Total other financing sources and (uses)	-	-	-	-	-	-
Net change in fund balances	(373,290)	(588,415)	66,477	92,062	158,539	746,954
Fund balances - beginning	3,000,000	3,119,204	4,578,039	4,644,516	4,578,039	1,458,835
Fund balances - ending	\$ 2,626,710	\$ 2,530,789	\$ 4,644,516	\$ 4,736,578	\$ 4,736,578	\$ 2,205,789

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Permanent Funds
For the Year Ended December 31, 2018

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	2017-2018 Biennial Budgeted Amounts		2017 Actual Amounts GAAP Basis	2018 Actual Amounts GAAP Basis	Total Amounts GAAP Basis	Variance with Final Budget
	Original	Final				
REVENUES						
Investment income	\$ 164,335	\$ 164,335	\$ 52,027	\$ 88,166	\$ 140,193	\$ (24,142)
Total revenues	164,335	164,335	52,027	88,166	140,193	(24,142)
EXPENDITURES						
Current:						
Natural and economic environment	513,011	728,136	506	707	1,213	(726,923)
Cultural and recreation	15,175	15,175	7,700	7,475	15,175	-
Total expenditures	528,186	743,311	8,206	8,182	16,388	(726,923)
Revenues over (under) expenditures	(363,851)	(578,976)	43,821	79,984	123,805	702,781
OTHER FINANCING SOURCES (USES)						
Total other financing sources and (uses)	-	-	-	-	-	-
Net change in fund balances	(363,851)	(578,976)	43,821	79,984	123,805	702,781
Fund balances - beginning	5,648,341	6,450,338	10,509,808	10,553,629	10,509,808	4,059,470
Fund balances - ending	\$ 5,284,490	\$ 5,871,362	\$ 10,553,629	\$10,633,613	\$10,633,613	\$ 4,762,251



ENTERPRISE FUNDS**456 – Cemetery**

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

460 – Golf Course

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

465 – Parking Services

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

470 – Medic One

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

475 – Development Services

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

CITY OF BELLINGHAM
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2018

	Cemetery	Golf Course	Parking	Medic One	Development Services	Nonmajor Enterprise Fund Totals
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 8,675	\$ 22,130	\$ 807,999	\$ 371,856	\$ 1,687,412	\$ 2,898,072
Investments	25,329	64,615	2,296,390	1,085,729	4,926,838	8,398,901
Receivables, net	1,809	134	405,329	141,304	18,976	567,552
Due from other governments	-	-	30	142,316	-	142,346
Total current assets	35,813	86,879	3,509,748	1,741,205	6,633,226	12,006,871
Noncurrent assets:						
Restricted cash and cash equivalents	100,360	-	-	-	-	100,360
Restricted investments	293,026	-	-	-	-	293,026
Capital assets, nondepreciable:						
Land	359,274	-	1,109,904	52,457	-	1,521,635
Capital assets, net of depreciation:						
Buildings	26,456	290,694	2,173,781	184,840	-	2,675,771
Improvements	-	185,767	359,502	-	-	545,269
Machinery and equipment	-	62,741	-	490,277	-	553,018
Net pension asset	-	-	-	631,362	155,193	786,555
Total noncurrent assets	779,116	539,202	3,643,187	1,358,936	155,193	6,475,634
Total assets	814,929	626,081	7,152,935	3,100,141	6,788,419	18,482,505
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions	5,461	937	10,645	101,327	105,016	223,386
Total deferred outflows of resources	5,461	937	10,645	101,327	105,016	223,386
LIABILITIES						
Current liabilities:						
Accounts payable	6,015	32,793	66,899	251,478	126,906	484,091
Accrued wages and benefits	6,346	875	14,824	46,176	118,822	187,043
Other current liabilities	82,510	12,750	17,517	-	-	112,777
Current portion of noncurrent liabilities:						
Compensated absences	16,345	830	12,002	142,183	158,165	329,525
Total current liabilities	111,216	47,248	111,242	439,837	403,893	1,113,436
Noncurrent liabilities:						
Compensated absences	-	-	-	8,070	9,692	17,762
Net pension liability	30,600	5,248	59,643	224,865	504,118	824,474
Total noncurrent liabilities	30,600	5,248	59,643	232,935	513,810	842,236
Total liabilities	141,816	52,496	170,885	672,772	917,703	1,955,672
DEFERRED INFLOWS OF RESOURCES						
Related to pensions	11,881	2,038	23,156	287,718	244,988	569,781
Total deferred inflows of resources	11,881	2,038	23,156	287,718	244,988	569,781
NET POSITION						
Net investment in capital assets	385,730	539,202	3,643,187	727,574	-	5,295,693
Restricted:						
Cemetery endowment / preneed	310,877	-	-	-	-	310,877
Pension asset	-	-	-	631,362	155,193	786,555
Rental property inspections	-	-	-	-	362,457	362,457
Unrestricted	(29,914)	33,282	3,326,352	882,042	5,213,094	9,424,856
Total net position	\$ 666,693	\$ 572,484	\$ 6,969,539	\$ 2,240,978	\$ 5,730,744	\$ 16,180,438

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2018

	Cemetery	Golf Course	Parking	Medic One	Development Services	Nonmajor Enterprise Fund Totals
Operating revenues:						
Sales of merchandise	\$ 79,640	\$ -	\$ -	\$ -	\$ -	\$ 79,640
Less: Cost of goods sold	(30,964)	-	-	-	-	(30,964)
Charges for services	231,999	1,032,541	2,207,928	6,346,348	3,918,500	13,737,316
Total operating revenues	280,675	1,032,541	2,207,928	6,346,348	3,918,500	13,785,992
Operating expenses:						
Labor	107,507	20,679	293,644	4,958,219	2,542,624	7,922,673
Supplies	17,923	1,672	19,134	337,405	9,909	386,043
Services	148,497	1,096,165	1,908,457	1,008,538	756,663	4,918,320
Depreciation	2,940	48,695	123,925	156,614	-	332,174
Taxes	3,926	30,100	3,421	19	-	37,466
Insurance	7,393	2,557	10,780	10,060	14,324	45,114
Total operating expenses	288,186	1,199,868	2,359,361	6,470,855	3,323,520	13,641,790
Operating income (loss)	(7,511)	(167,327)	(151,433)	(124,507)	594,980	144,202
Nonoperating revenues (expenses):						
External operating grants and subsidies	-	-	-	168,343	6,782	175,125
Operating assessments and tax levies	-	-	-	817,625	-	817,625
Investment interest	6,824	1,808	46,810	27,192	100,964	183,598
Net incr (decr) in fair value of investments	230	2,674	150	(14,847)	(7,377)	(19,170)
Gain (loss) on sale of capital assets	-	-	-	9,900	-	9,900
Other nonoperating revenues	12	-	2,704	680	-	3,396
Other nonoperating expenses	-	(197)	-	(809,144)	-	(809,341)
Total nonoperating revenues (expenses)	7,066	4,285	49,664	199,749	100,369	361,133
Income (loss) before contributions and transfers	(445)	(163,042)	(101,769)	75,242	695,349	505,335
Transfers in	43,480	-	-	-	-	43,480
Transfers out	-	-	(133,000)	-	(53,401)	(186,401)
Change in net position	43,035	(163,042)	(234,769)	75,242	641,948	362,414
Total net position - beginning	623,658	735,526	7,204,308	2,030,245	5,088,796	15,682,533
Prior period adjustment	-	-	-	135,491	-	135,491
Total net position - ending	\$ 666,693	\$ 572,484	\$ 6,969,539	\$ 2,240,978	\$ 5,730,744	\$ 16,180,438

CITY OF BELLINGHAM
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2018

	Cemetery	Golf Course	Parking	Medic One	Development Services	Nonmajor Enterprise Fund Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from outside customers	\$ 307,066	\$ 1,048,695	\$ 2,419,769	\$ 7,695,896	\$ 3,918,500	\$ 15,389,926
Payments to employees	(172,402)	(25,921)	(315,423)	(5,080,556)	(2,601,816)	(8,196,118)
Payments to suppliers and service providers	(91,087)	(1,278,663)	(854,726)	(681,588)	(274,542)	(3,180,606)
Payments for interfund services used	(118,640)	(12,932)	(1,172,669)	(641,802)	(381,702)	(2,327,745)
Other receipts	12	-	2,704	680	-	3,396
Other payments	-	(197)	-	-	-	(197)
Net cash from operating activities	(75,051)	(269,018)	79,655	1,292,630	660,440	1,688,656
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in from other funds	43,480	-	-	-	-	43,480
Transfers out to other funds	-	-	(133,000)	-	-	(133,000)
Operating grants and loans	-	-	-	140,751	-	140,751
Excise tax receipts	-	-	-	809,144	-	809,144
Taxes passed to other governments	-	-	-	(809,144)	-	(809,144)
Net cash from noncapital financing activities	43,480	-	(133,000)	140,751	-	51,231
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES						
Purchases of capital assets	-	-	-	-	(53,401)	(53,401)
Sale of capital assets	-	-	-	14,900	-	14,900
Net cash from capital financing activities	-	-	-	14,900	(53,401)	(38,501)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sales and maturity of investments	53,939	226,698	265,253	864,240	49,382	1,459,512
Purchase of investments	-	-	-	(1,963,879)	(112,390)	(2,076,269)
Interest and dividends received	6,838	2,521	46,503	23,013	98,226	177,101
Net cash from investment activities	60,777	229,219	311,756	(1,076,626)	35,218	(439,656)
Net increase (decrease) in cash and equivalents	29,206	(39,799)	258,411	371,655	642,257	1,261,730
Cash and cash equivalents - beginning of year	79,829	61,929	549,588	201	1,045,155	1,736,702
Cash and cash equivalents - end of year	\$ 109,035	\$ 22,130	\$ 807,999	\$ 371,856	\$ 1,687,412	\$ 2,998,432
Reconciliation of operating income (loss) to net cash from operating activities:						
Operating income (loss)	\$ (7,511)	\$ (167,327)	\$ (151,433)	\$ (124,507)	\$ 594,980	\$ 144,202
<i>Adjustments to reconcile operating income (loss) to net cash from operating activities:</i>						
Depreciation	2,940	48,695	123,925	156,614	-	332,174
Pension expense - proportionate share	(51,085)	(6,520)	(15,472)	(108,405)	(70,376)	(251,858)
Miscellaneous income	12	-	2,704	680	-	3,396
Miscellaneous expenses	-	(197)	-	-	-	(197)
(Increase) decrease in accounts receivable	497	3,769	106,698	6,849	-	117,813
(Increase) decrease in due from other governments	-	-	(30)	1,342,699	-	1,342,669
Increase (decrease) in accounts payable	(416)	(145,751)	33,688	32,633	124,654	44,808
Increase (decrease) in wages and benefits payable	(11,346)	1,278	(3,093)	49,910	26,630	63,379
Increase (decrease) in revenues collected in advance	(5,070)	12,385	-	-	-	7,315
Increase (decrease) in other current liabilities	-	-	(1,588)	-	-	(1,588)
Increase (decrease) in other fees and taxes	(608)	(467)	(12,530)	-	-	(13,605)
Increase (decrease) in other long-term liabilities	(2,464)	(14,883)	(3,214)	(63,843)	(15,448)	(99,852)
Total Adjustments	(67,540)	(101,691)	231,088	1,417,137	65,460	1,544,454
Net cash from operating activities	\$ (75,051)	\$ (269,018)	\$ 79,655	\$ 1,292,630	\$ 660,440	\$ 1,688,656
Schedule of noncash activities:						
Net change in fair value of investments	230	2,674	150	(14,847)	(7,377)	(19,170)
Fleet donations	-	-	-	-	(53,401)	(53,401)



INTERNAL SERVICE FUNDS**510 – Fleet Administration**

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

520 – Purchasing and Materials Management

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

530 – Facilities Administration

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

540 – Technology and Telecommunications

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

550 – Claims and Litigation

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

561 – Unemployment Compensation

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

562 – Worker's Compensation Self-Insurance

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

565 – Health Benefits

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

570 – Public Works Administration and Engineering

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

CITY OF BELLINGHAM
Combining Statement of Net Position
Internal Service Funds
December 31, 2018

	Fleet Administration	Purchasing Materials Management	Facilities Administration	Technology & Telecom	Claims & Litigation
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 2,059,704	\$ 357,962	\$ 348,537	\$ 1,041,727	\$ 1,388,982
Investments	6,013,842	1,045,162	1,017,645	3,041,591	4,055,494
Receivables, net	162,808	4,025	6,554	11,821	15,620
Due from other governments	3,700	-	375	1,401	-
Inventory	-	559,408	-	-	-
Prepaid items	-	-	-	-	-
Restricted cash and cash equivalents	-	-	2,413	-	-
Restricted investments			7,047		
Total current assets	8,240,054	1,966,557	1,382,571	4,096,540	5,460,096
Noncurrent assets:					
Capital assets, nondepreciable:					
Land	-	-	40,102	-	-
Construction in progress	755,566	-	-	320,575	-
Capital assets, net of depreciation:					
Buildings	-	-	1,058,657	-	-
Improvements	1,325,520	-	-	-	-
Machinery and equipment	13,003,467	-	6,375	98,082	-
Intangibles - software	-	-	-	209,856	-
Total noncurrent assets	15,084,553	-	1,105,134	628,513	-
Total assets	23,324,607	1,966,557	2,487,705	4,725,053	5,460,096
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions	50,058	28,126	69,110	19,020	7,254
Total deferred outflows of resources	50,058	28,126	69,110	19,020	7,254
LIABILITIES					
Current liabilities:					
Accounts payable	628,363	65,601	208,041	46,423	15,164
Accrued wages and benefits	60,126	33,916	90,763	29,075	8,923
Due to other governments	-	-	-	-	-
Other current liabilities	30,000	-	-	-	-
Current portion of noncurrent liabilities:					
Compensated absences	63,146	30,376	100,542	32,953	15,915
Claims and judgments payable	-	-	-	-	360,000
Total current liabilities	781,635	129,893	399,346	108,451	400,002
Noncurrent liabilities:					
Bonds payable, net	-	-	6,100,000	-	-
Compensated absences	4,072	618	19,325	2,517	-
Claims and judgments payable	-	-	-	-	165,000
Other noncurrent liabilities	345,000	-	-	-	-
Net pension liability	280,472	157,589	387,217	106,567	40,641
Total noncurrent liabilities	629,544	158,207	6,506,542	109,084	205,641
Total liabilities	1,411,179	288,100	6,905,888	217,535	605,643
DEFERRED INFLOWS OF RESOURCES					
Related to pensions	108,894	61,184	150,338	41,375	15,779
Total deferred inflows of resources	108,894	61,184	150,338	41,375	15,779
NET POSITION					
Net investment in capital assets	15,084,553	-	1,105,134	628,513	-
Unrestricted	6,770,039	1,645,399	(5,604,545)	3,856,650	4,845,928
Total net position	\$ 21,854,592	\$ 1,645,399	\$ (4,499,411)	\$ 4,485,163	\$ 4,845,928

CITY OF BELLINGHAM
Combining Statement of Net Position
Internal Service Funds
December 31, 2018

	Unemployment Compensation	Workers Compensation Self-Insurance	Health Benefits	PW Administration & Engineering	Internal Service Fund Totals
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 147,718	\$ 385,062	\$ 142,655	\$ 366,352	\$ 6,238,699
Investments	431,298	1,124,289	416,518	1,069,658	18,215,497
Receivables, net	1,661	4,330	1,605	4,120	212,544
Due from other governments	-	-	-	-	5,476
Inventory	-	-	-	-	559,408
Prepaid items	-	53,601	12,529	-	66,130
Restricted cash and cash equivalents	-	-	-	-	2,413
Restricted investments	-	-	-	-	7,047
Total current assets	580,677	1,567,282	573,307	1,440,130	25,307,214
Noncurrent assets:					
Capital assets, nondepreciable:					
Land	-	-	-	-	40,102
Construction in progress	-	-	-	-	1,076,141
Capital assets, net of depreciation:					
Buildings	-	-	-	-	1,058,657
Improvements	-	-	-	-	1,325,520
Machinery and equipment	-	-	-	-	13,107,924
Intangibles - software	-	-	-	-	209,856
Total noncurrent assets	-	-	-	-	16,818,200
Total assets	580,677	1,567,282	573,307	1,440,130	42,125,414
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions	255	2,315	30,288	182,082	388,508
Total deferred outflows of resources	255	2,315	30,288	182,082	388,508
LIABILITIES					
Current liabilities:					
Accounts payable	-	59,774	8,459	18,400	1,050,225
Accrued wages and benefits	342	2,917	85,545	227,463	539,070
Due to other governments	20,899	-	4,103	-	25,002
Other current liabilities	-	-	19,038	397,741	446,779
Current portion of noncurrent liabilities:					
Compensated absences	590	2,313	10,465	288,005	544,305
Claims and judgments payable	84,900	341,482	-	-	786,382
Total current liabilities	106,731	406,486	127,610	931,609	3,391,763
Noncurrent liabilities:					
Bonds payable, net	-	-	-	-	6,100,000
Compensated absences	-	-	-	63,730	90,262
Claims and judgments payable	-	-	-	-	165,000
Other noncurrent liabilities	-	-	-	-	345,000
Net pension liability	1,429	12,969	169,700	1,020,178	2,176,762
Total noncurrent liabilities	1,429	12,969	169,700	1,083,908	8,877,024
Total liabilities	108,160	419,455	297,310	2,015,517	12,268,787
DEFERRED INFLOWS OF RESOURCES					
Related to pensions	555	5,035	65,886	396,090	845,136
Total deferred inflows of resources	555	5,035	65,886	396,090	845,136
NET POSITION					
Net investment in capital assets	-	-	-	-	16,818,200
Unrestricted	472,217	1,145,107	240,399	(789,395)	12,581,799
Total net position	\$ 472,217	\$ 1,145,107	\$ 240,399	\$ (789,395)	\$ 29,399,999

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2018

	Fleet Administration	Purchasing Materials Management	Facilities Administration	Technology & Telecom	Claims & Litigation
Operating revenues:					
Sales of merchandise	\$ -	\$ 2,450,512	\$ -	\$ -	\$ -
Less: Cost of goods sold	-	(981,699)	-	-	-
Charges for services	4,473,698	138,572	3,661,741	3,181,853	1,086,504
Total operating revenues	4,473,698	1,607,385	3,661,741	3,181,853	1,086,504
Operating expenses:					
Labor	1,404,615	779,046	1,959,055	583,098	203,662
Supplies	801,314	18,210	506,811	923,021	3,089
Services	1,625,095	497,161	2,549,652	882,017	246,747
Depreciation	1,884,113	-	67,391	112,835	-
Taxes	1,093	-	73	28	-
Insurance	9,275	-	13,560	-	529,515
Claims	-	-	-	-	252,318
Total operating expenses	5,725,505	1,294,417	5,096,542	2,500,999	1,235,331
Operating income (loss)	(1,251,807)	312,968	(1,434,801)	680,854	(148,827)
Nonoperating revenues (expenses):					
External operating grants and subsidies	-	-	224,339	-	-
Operating assessments and tax levies	758,419	-	-	-	-
Investment interest	129,302	20,801	21,625	57,447	84,612
Net incr (decr) in fair value of investments	(1,681)	(3,500)	(7,839)	(11,128)	(230)
Interest expense and related charges	-	-	(335,030)	-	-
Gain (loss) on sale of capital assets	(134,706)	-	-	-	-
Other nonoperating revenues	72,366	5,066	96,205	-	494
Total nonoperating revenues (expenses)	823,700	22,367	(700)	46,319	84,876
Income (loss) before contributions and transfers	(428,107)	335,335	(1,435,501)	727,173	(63,951)
Transfers in	2,730,567	-	1,852,965	335,234	-
Transfers out	(240,000)	-	(37,536)	-	-
Change in net position	2,062,460	335,335	379,928	1,062,407	(63,951)
Total net position - beginning	19,663,917	1,310,064	(4,879,339)	3,422,756	4,909,879
Prior period adjustment	128,215	-	-	-	-
Total net position - ending	\$ 21,854,592	\$ 1,645,399	\$ (4,499,411)	\$ 4,485,163	\$ 4,845,928

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2018

	Unemployment Compensation	Workers Compensation Self-Insurance	Health Benefits	PW Administration & Engineering	Internal Service Fund Totals
Operating revenues:					
Sales of merchandise	\$ -	\$ -	\$ -	\$ -	\$ 2,450,512
Less: Cost of goods sold	-	-	-	-	(981,699)
Charges for services	130,740	630,686	14,307,023	7,429,296	35,040,113
Total operating revenues	<u>130,740</u>	<u>630,686</u>	<u>14,307,023</u>	<u>7,429,296</u>	<u>36,508,926</u>
Operating expenses:					
Labor	(13,774)	64,949	236,453	5,120,492	10,337,596
Supplies	-	138	28,495	168,263	2,449,341
Services	10,302	64,385	295,789	1,475,305	7,646,453
Depreciation	-	-	-	-	2,064,339
Taxes	-	-	-	-	1,194
Insurance	-	80,626	14,154,571	58,748	14,846,295
Claims	(1,963)	160,743	59,959	-	471,057
Total operating expenses	<u>(5,435)</u>	<u>370,841</u>	<u>14,775,267</u>	<u>6,822,808</u>	<u>37,816,275</u>
Operating income (loss)	136,175	259,845	(468,244)	606,488	(1,307,349)
Nonoperating revenues (expenses):					
External operating grants and subsidies	-	-	-	-	224,339
Operating assessments and tax levies	-	-	-	-	758,419
Investment interest	8,625	22,882	4,914	9,958	360,166
Net incr (decr) in fair value of investments	(515)	(733)	4,790	(1,343)	(22,179)
Interest expense and related charges	-	-	-	-	(335,030)
Gain (loss) on sale of capital assets	-	-	-	-	(134,706)
Other nonoperating revenues	-	-	2,772	66	176,969
Total nonoperating revenues (expenses)	<u>8,110</u>	<u>22,149</u>	<u>12,476</u>	<u>8,681</u>	<u>1,027,978</u>
Income (loss) before contributions and transfers	144,285	281,994	(455,768)	615,169	(279,371)
Transfers in	-	-	-	-	4,918,766
Transfers out	-	-	-	(335,234)	(612,770)
Change in net position	144,285	281,994	(455,768)	279,935	4,026,625
Total net position - beginning	327,932	863,113	696,167	(1,069,330)	25,245,159
Prior period adjustment	-	-	-	-	128,215
Total net position - ending	<u>\$ 472,217</u>	<u>\$ 1,145,107</u>	<u>\$ 240,399</u>	<u>\$ (789,395)</u>	<u>\$ 29,399,999</u>

CITY OF BELLINGHAM
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2018

	Fleet Administration	Purchasing Materials Management	Facilities Administration	Technology & Telecom	Claims & Litigation
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from outside customers	\$ -	\$ -	\$ -	\$ 2,101	\$ -
Receipts from interfund services provided	4,684,754	2,589,084	4,102,227	3,178,499	1,086,504
Payments to employees	(1,480,967)	(809,623)	(2,005,485)	(549,382)	(207,428)
Payments to suppliers and service providers	(1,453,998)	(1,188,548)	(2,541,005)	(1,773,438)	(573,022)
Payments to claimants	-	-	-	-	(252,318)
Payments for interfund services used	(714,470)	(273,454)	(608,074)	(103,854)	(139,029)
Other receipts	72,384	5,066	96,205	-	494
Net cash from operating activities	1,107,703	322,525	(956,132)	753,926	(84,799)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	-	-	1,850,756	335,234	-
Transfers out to other funds	(240,000)	-	-	-	-
Operating grants and loans	-	-	223,964	-	-
Interest payments on operating debt	-	-	(335,030)	-	-
Excise tax receipts	752,514	-	-	-	-
Net cash from noncapital financing activities	512,514	-	1,739,690	335,234	-
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	2,580,000	-	-	-	-
Purchases of capital assets	(4,376,554)	-	(37,536)	(53,510)	-
Sale of capital assets	180,438	-	-	-	-
Net cash from capital financing activities	(1,616,116)	-	(37,536)	(53,510)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturity of investments	1,068,940	135,030	416,242	859,046	427,857
Purchase of investments	(544,482)	(307,319)	(947,335)	(1,437,764)	-
Interest and dividends received	127,943	19,693	19,351	53,979	83,938
Net cash from investment activities	652,401	(152,596)	(511,742)	(524,739)	511,795
Net increase (decrease) in cash and equivalent	656,502	169,929	234,280	510,911	426,996
Cash and cash equivalents - beginning of year	1,403,202	188,033	116,670	530,816	961,986
Cash and cash equivalents - end of year	\$ 2,059,704	\$ 357,962	\$ 350,950	\$ 1,041,727	\$ 1,388,982
Reconciliation of operating income (loss) to net cash from operating activities:					
Operating income (loss)	\$ (1,251,807)	\$ 312,968	\$ (1,434,801)	\$ 680,854	\$ (148,827)
<i>Adjustments to reconcile operating income (loss) to net cash from operating activities:</i>					
Depreciation	1,884,113	-	67,391	112,835	-
Pension expense - proportionate share	(49,013)	(37,702)	(47,807)	30,783	(6,974)
Miscellaneous income	72,384	5,066	96,205	-	494
(Increase) decrease in accounts receivable	588	-	2,078	(53)	-
(Increase) decrease in due from other funds	-	-	438,408	-	-
(Increase) decrease in due from other governments	5,468	-	-	(1,200)	-
(Increase) decrease in inventories	-	13,440	-	-	-
(Increase) decrease in prepaid items	-	-	-	-	-
Increase (decrease) in accounts payable	268,307	21,629	(78,230)	(72,225)	(1,932)
Increase (decrease) in wages and benefits payable	(17,381)	6,507	4,842	7,344	3,208
Increase (decrease) in due to other governments	-	-	-	-	-
Increase (decrease) in other current liabilities	-	-	-	-	-
Increase (decrease) in other fees and taxes	-	-	(753)	-	-
Increase (decrease) in other long-term liabilities	195,044	617	(3,465)	(4,412)	69,232
Total Adjustments	2,359,510	9,557	478,669	73,072	64,028
Net cash from operating activities	\$ 1,107,703	\$ 322,525	\$ (956,132)	\$ 753,926	\$ (84,799)
Schedule of noncash activities:					
Net change in fair value of investments	(1,681)	(3,500)	(7,839)	(11,128)	(230)
Fleet donations	150,567	-	(37,536)	-	-

CITY OF BELLINGHAM
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2018

	Unemployment Compensation	Workers Compensation Self- Insurance	Health Benefits	PW Administration & Engineering	Internal Service Fund Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from outside customers	\$ -	\$ -	\$ -	\$ 179,832	\$ 181,933
Receipts from interfund services provided	130,740	630,686	14,307,023	7,249,464	37,958,981
Payments to employees	(7,312)	(67,715)	(256,552)	(5,227,689)	(10,612,153)
Payments to suppliers and service providers	-	(296,409)	(14,265,768)	(292,838)	(22,385,026)
Payments to claimants	(72,870)	(199,810)	(59,959)	-	(584,957)
Payments for interfund services used	(10,302)	(22,946)	(212,796)	(1,455,670)	(3,540,595)
Other receipts	-	-	2,772	66	176,987
Net cash from operating activities	40,256	43,806	(485,280)	453,165	1,195,170
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	-	-	-	-	2,185,990
Transfers out to other funds	-	-	-	(335,234)	(575,234)
Operating grants and loans	-	-	-	-	223,964
Interest payments on operating debt	-	-	-	-	(335,030)
Excise tax receipts	-	-	-	-	752,514
Net cash from noncapital financing activities	-	-	-	(335,234)	2,252,204
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	-	-	-	-	2,580,000
Purchases of capital assets	-	-	-	-	(4,467,600)
Sale of capital assets	-	-	-	-	180,438
Net cash from capital financing activities	-	-	-	-	(1,707,162)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturity of investments	5,262	63,694	439,213	7,571	3,422,855
Purchase of investments	-	-	-	-	(3,236,900)
Interest and dividends received	8,422	22,514	6,147	9,433	351,420
Net cash from investment activities	13,684	86,208	445,360	17,004	537,375
Net increase (decrease) in cash and equivalent:	53,940	130,014	(39,920)	134,935	2,277,587
Cash and cash equivalents - beginning of year	93,778	255,048	182,575	231,417	3,963,525
Cash and cash equivalents - end of year	\$ 147,718	\$ 385,062	\$ 142,655	\$ 366,352	\$ 6,241,112
Reconciliation of operating income (loss) to net cash from operating activities:					
Operating income (loss)	\$ 136,175	\$ 259,845	\$ (468,244)	\$ 606,488	\$ (1,307,349)
<i>Adjustments to reconcile operating income (loss) to net cash from operating activities:</i>					
Depreciation	-	-	-	-	2,064,339
Pension expense - proportionate share	(21,178)	(2,270)	(15,500)	(166,876)	(316,537)
Miscellaneous income	-	-	2,772	66	176,987
(Increase) decrease in accounts receivable	-	-	-	-	2,613
(Increase) decrease in due from other funds	-	-	-	-	438,408
(Increase) decrease in due from other governments	-	-	-	-	4,268
(Increase) decrease in inventories	-	-	-	-	13,440
(Increase) decrease in prepaid items	-	-	(6,813)	-	(6,813)
Increase (decrease) in accounts payable	-	(4,755)	(287)	1,564	134,071
Increase (decrease) in wages and benefits payable	92	(496)	(4,599)	48,629	48,146
Increase (decrease) in due to other governments	267	-	4,103	-	4,370
Increase (decrease) in other current liabilities	-	-	3,288	(47,756)	(44,468)
Increase (decrease) in other fees and taxes	-	-	-	-	(753)
Increase (decrease) in other long-term liabilities	(75,100)	(208,518)	-	11,050	(15,552)
Total Adjustments	(95,919)	(216,039)	(17,036)	(153,323)	2,502,519
Net cash from operating activities	\$ 40,256	\$ 43,806	\$ (485,280)	\$ 453,165	\$ 1,195,170
Schedule of noncash activities:					
Net change in fair value of investments	(515)	(733)	4,790	(1,343)	(22,179)
Fleet donations	-	-	-	-	113,031



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 Position
Pension and OPEB Trust Funds
December 31, 2018

	Firefighter Pension	Firefighter Healthcare	Police Pension	Police Healthcare	Pension & OPEB Trust Fund Totals
ASSETS					
Cash and cash equivalents	\$ 1,942,476	\$ 1,459,899	\$ 1,190,182	\$ 1,005,066	\$ 5,597,623
Invested in government securities	5,670,987	4,262,121	3,474,694	2,934,252	16,342,054
Receivables, net	54,392	16,416	13,383	11,301	95,492
Interfund loans receivable	221,068	-	-	-	221,068
Total assets	7,888,923	5,738,436	4,678,259	3,950,619	22,256,237
LIABILITIES					
Accounts payable	5,278	10,776	632	3,901	20,587
Accrued pension benefits	32,976	-	8,100	-	41,076
Total liabilities	38,254	10,776	8,732	3,901	61,663
NET POSITION HELD IN TRUST					
Pension	7,850,669	-	4,669,527	-	12,520,196
Other post employment benefits	-	5,727,660	-	3,946,718	9,674,378
Total net position	\$ 7,850,669	\$ 5,727,660	\$ 4,669,527	\$ 3,946,718	\$ 22,194,574

CITY OF BELLINGHAM
Statement of Changes in Fiduciary Net Position
Pension and OPEB Trust Funds
For the Year Ended December 31, 2018

	Firefighter Pension	Firefighter Healthcare	Police Pension	Police Healthcare	Pension & OPEB Trust Fund Totals
ADDITIONS					
Contributions:					
<i>Employer</i>					
Property taxes	\$ 909,662	\$ 1,553,253	\$ -	\$ -	\$ 2,462,915
General fund	70,000	135,220	345,720	999,059	1,549,999
Auction proceeds	-	-	14,565	-	14,565
<i>Nonemployer</i>					
Fire insurance premium tax	142,572	-	-	-	142,572
Total trust contributions	1,122,234	1,688,473	360,285	999,059	4,170,051
Investment income:					
Interest	112,178	90,640	84,849	42,475	330,142
Net incr (decr) in fair value of investments	(9,939)	(9,620)	(3,673)	(5,895)	(29,127)
Net investment income	102,239	81,020	81,176	36,580	301,015
Total additions	1,224,473	1,769,493	441,461	1,035,639	4,471,066
DEDUCTIONS					
Benefit payments	460,310	258,828	100,144	129,589	948,871
Medical insurance	-	545,382	-	302,212	847,594
Administrative expenses	5,643	45,291	3,434	38,907	93,275
Total deductions	465,953	849,501	103,578	470,708	1,889,740
Change in net position	758,520	919,992	337,883	564,931	2,581,326
Total net position - beginning	7,092,149	4,807,668	4,331,644	3,381,787	19,613,248
Total net position - ending	\$ 7,850,669	\$ 5,727,660	\$ 4,669,527	\$ 3,946,718	\$ 22,194,574

CITY OF BELLINGHAM
Combining Statement of Net Position
Agency Funds
December 31, 2018

	Guaranty Deposit	School Impact Fees	Agency Fund Totals
ASSETS			
Cash and cash equivalents	\$ 370,456	\$ 21,411	\$ 391,867
Receivables, net	487	-	487
Total assets	370,943	21,411	392,354
LIABILITIES			
Accounts payable	151,181	-	151,181
Due to other governments	-	21,411	21,411
Other liabilities	219,762	-	219,762
Total liabilities	\$ 370,943	\$ 21,411	\$ 392,354

CITY OF BELLINGHAM
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2018

	Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018
Guaranty Deposit				
ASSETS				
Cash and cash equivalents	\$ 767,443	\$ -	\$ 396,987	\$ 370,456
Receivables, net	1,158	-	671	487
Total assets	<u>768,601</u>	<u>-</u>	<u>397,658</u>	<u>370,943</u>
LIABILITIES				
Accounts payable	58,288	92,893	-	151,181
Due to other governments	17,498	-	17,498	-
Other liabilities	692,815	-	473,053	219,762
Total liabilities	<u>\$ 768,601</u>	<u>\$ 92,893</u>	<u>\$ 490,551</u>	<u>\$ 370,943</u>
School Impact Fees				
ASSETS				
Cash and cash equivalents	\$ 35,174	\$ -	\$ 13,763	\$ 21,411
Total assets	<u>35,174</u>	<u>-</u>	<u>13,763</u>	<u>21,411</u>
LIABILITIES				
Due to other governments	35,174	-	13,763	21,411
Total liabilities	<u>\$ 35,174</u>	<u>\$ -</u>	<u>\$ 13,763</u>	<u>\$ 21,411</u>
Agency Fund Totals				
ASSETS				
Cash and cash equivalents	\$ 802,617	\$ -	\$ 410,750	\$ 391,867
Receivables, net	1,158	-	671	487
Total assets	<u>803,775</u>	<u>-</u>	<u>411,421</u>	<u>392,354</u>
LIABILITIES				
Accounts payable	58,288	92,893	-	151,181
Due to other governments	52,672	-	31,261	21,411
Other liabilities	692,815	-	473,053	219,762
Total liabilities	<u>\$ 803,775</u>	<u>\$ 92,893</u>	<u>\$ 504,314</u>	<u>\$ 392,354</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 —————	185
<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 —————	191
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity —————	196
<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 —————	201
<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 —————	204
<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>	

City of Bellingham
Schedule 1
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>Governmental activities</i>										
Net investment in capital assets	\$ 294,335,598	\$ 314,661,962	\$ 324,665,481	\$ 324,871,812	\$ 333,862,114	\$ 342,989,693	\$ 362,378,047	\$ 362,904,143	\$ 366,839,801	\$ 378,166,235
Restricted	36,300,224	48,968,976	59,689,364	63,216,204	62,125,404	70,368,152	88,313,935	107,165,902	114,199,262	128,102,242
Unrestricted	<u>46,656,052</u>	<u>26,636,479</u>	<u>3,956,622</u>	<u>10,683,052</u>	<u>23,564,996</u>	<u>27,350,712</u>	<u>(21,127,164)</u>	<u>(20,525,708)</u>	<u>(2,824,122)</u>	<u>(10,435,280)</u>
Total governmental activities net position	<u>\$ 377,291,874</u>	<u>\$ 390,267,417</u>	<u>\$ 388,311,467</u>	<u>\$ 398,771,068</u>	<u>\$ 419,552,514</u>	<u>\$ 440,708,557</u>	<u>\$ 429,564,818</u>	<u>\$ 449,544,337</u>	<u>\$ 478,214,941</u>	<u>\$ 495,833,197</u>
<i>Business-type activities</i>										
Net investment in capital assets	\$ 192,943,450	\$ 200,721,924	\$ 202,646,637	\$ 207,441,809	\$ 210,438,253	\$ 215,294,427	\$ 229,373,343	\$ 235,121,659	\$ 238,300,273	\$ 247,652,580
Restricted	13,055,191	12,337,425	56,042,820	10,839,307	14,645,165	4,978,708	13,004,866	13,914,042	13,586,485	12,589,428
Unrestricted	<u>14,771,564</u>	<u>7,104,917</u>	<u>(26,780,033)</u>	<u>19,030,468</u>	<u>20,202,114</u>	<u>36,528,460</u>	<u>24,174,486</u>	<u>35,863,739</u>	<u>49,068,048</u>	<u>57,097,488</u>
Total business-type activities net position	<u>\$ 220,770,205</u>	<u>\$ 220,164,266</u>	<u>\$ 231,909,424</u>	<u>\$ 237,311,584</u>	<u>\$ 245,285,532</u>	<u>\$ 256,801,595</u>	<u>\$ 266,552,695</u>	<u>\$ 284,899,440</u>	<u>\$ 300,954,806</u>	<u>\$ 317,339,496</u>
<i>Primary government</i>										
Net investment in capital assets	\$ 487,279,048	\$ 515,383,886	\$ 527,312,118	\$ 532,313,621	\$ 544,300,367	\$ 558,284,120	\$ 591,751,390	\$ 598,025,802	\$ 605,140,074	\$ 625,818,815
Restricted	49,355,415	61,306,401	115,732,184	74,055,511	76,770,569	75,346,860	101,318,801	121,079,944	127,785,747	140,691,670
Unrestricted	<u>61,427,616</u>	<u>33,741,396</u>	<u>(22,823,411)</u>	<u>29,713,520</u>	<u>43,767,110</u>	<u>63,879,172</u>	<u>3,047,322</u>	<u>15,338,031</u>	<u>46,243,926</u>	<u>46,662,208</u>
Total primary government net position	<u>\$ 598,062,079</u>	<u>\$ 610,431,683</u>	<u>\$ 620,220,891</u>	<u>\$ 636,082,652</u>	<u>\$ 664,838,046</u>	<u>\$ 697,510,152</u>	<u>\$ 696,117,513</u>	<u>\$ 734,443,777</u>	<u>\$ 779,169,747</u>	<u>\$ 813,172,693</u>

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

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

Page 1 of 3

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
General government	\$ 15,385,834	\$ 15,074,279	\$ 14,476,790	\$ 15,336,663	\$ 12,938,178	\$ 13,330,765	\$ 21,382,635	\$ 11,391,809	\$ 12,120,974	\$ 12,069,270
Public safety	36,977,859	37,219,216	40,327,955	39,889,144	40,543,763	41,780,157	40,230,260	46,056,110	47,454,897	44,921,075
Physical environment	6,920,500	5,053,666	5,383,923	6,345,653	5,262,932	-	-	-	-	-
Transportation	10,571,685	10,669,612	12,136,460	11,838,466	14,739,413	15,313,990	20,888,508	17,292,839	16,702,711	16,418,105
Natural and economic environment	6,015,965	24,403,155	4,340,166	4,207,740	6,935,800	12,398,818	18,702,452	7,747,615	9,362,815	7,189,654
Social services	47,087	77,989	47,024	77,562	238,327	-	158,903	154,308	186,873	187,762
Culture and recreation	15,949,086	24,151,314	15,799,406	14,773,090	13,142,560	13,553,671	13,768,352	18,863,236	14,537,391	16,918,935
Interest & redemption of long-term debt	<u>1,076,982</u>	<u>957,318</u>	<u>865,859</u>	<u>619,606</u>	<u>2,277,874</u>	<u>1,929,924</u>	<u>562,560</u>	<u>970,283</u>	<u>861,915</u>	<u>799,658</u>
Total governmental activities expenses	<u>92,944,998</u>	<u>117,606,549</u>	<u>93,377,583</u>	<u>93,087,924</u>	<u>96,078,847</u>	<u>98,307,325</u>	<u>115,693,670</u>	<u>102,476,200</u>	<u>101,227,575</u>	<u>98,504,458</u>
Business-type activities										
Water	15,130,789	14,684,026	16,338,457	17,830,958	18,831,300	19,497,081	18,327,036	21,320,769	19,414,055	21,630,618
Wastewater	15,354,650	14,896,450	15,474,647	17,715,664	18,726,642	18,840,811	17,696,811	19,130,362	22,459,980	21,774,931
Surface and stormwater	4,769,300	5,109,870	5,192,494	5,550,615	5,887,978	6,470,574	6,528,425	7,597,240	8,234,425	8,428,683
Solid waste	5,439,399	7,697,454	1,251,060	1,070,494	3,820,556	1,059,053	4,639,246	557,331	1,391,372	1,646,867
Cemetery	590,617	518,100	526,959	534,234	557,285	553,247	477,242	624,515	475,706	288,186
Golf course	127,981	110,473	121,507	124,476	265,759	382,598	127,290	149,609	240,901	1,200,065
Parking	1,541,680	1,624,501	1,470,114	1,323,104	1,285,864	2,129,923	1,936,191	2,373,829	2,523,746	2,359,361
Medic one	7,681,681	7,673,790	7,312,579	7,306,912	9,019,331	7,033,307	5,844,420	7,006,788	6,903,949	7,279,999
Development services	<u>1,926,678</u>	<u>1,725,177</u>	<u>1,608,250</u>	<u>1,685,449</u>	<u>1,870,090</u>	<u>1,987,896</u>	<u>2,378,351</u>	<u>2,330,614</u>	<u>2,840,794</u>	<u>3,323,520</u>
Total business-type activities expenses	<u>52,562,775</u>	<u>54,039,841</u>	<u>49,296,067</u>	<u>53,141,906</u>	<u>60,264,805</u>	<u>57,954,490</u>	<u>57,955,012</u>	<u>61,091,057</u>	<u>64,484,928</u>	<u>67,932,230</u>
Total primary government expenses	<u>\$ 145,507,773</u>	<u>\$ 171,646,390</u>	<u>\$ 142,673,650</u>	<u>\$ 146,229,830</u>	<u>\$ 156,343,652</u>	<u>\$ 156,261,815</u>	<u>\$ 173,648,682</u>	<u>\$ 163,567,257</u>	<u>\$ 165,712,503</u>	<u>\$ 166,436,688</u>

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

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

Page 2 of 3

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program Revenues										
<i>Governmental activities</i>										
Charges for services:										
General government	\$ 1,846,028	\$ 7,971,785	\$ 7,341,172	\$ 8,609,125	\$ 9,995,525	\$ 10,926,041	\$ 7,662,685	\$ 3,220,350	\$ 2,770,294	\$ 2,355,313
Public safety	5,031,673	3,649,014	3,919,904	4,847,396	5,021,635	6,555,208	5,871,325	4,525,825	4,778,237	7,117,741
Physical environment	3,456,750	3,306,542	3,059,867	2,986,750	2,851,207	2,932,433	1,580,528	-	-	-
Transportation	1,575,309	2,969,540	1,797,675	1,832,860	2,744,691	1,554,120	137,924	1,443,136	2,112,891	1,609,622
Natural and economic environment	1,608,883	-	30,159	21,557	13,771	148,321	-	145,319	130,670	16,151
Culture and recreation	3,368,716	3,492,695	3,235,228	3,348,290	4,136,307	4,049,345	3,730,015	3,331,067	3,066,500	3,392,983
Operating grants and contributions	6,194,611	6,835,919	5,458,395	6,169,221	6,118,748	5,420,055	6,183,359	7,885,832	9,250,586	7,729,986
Capital grants and contributions	9,921,191	19,831,012	3,352,046	3,287,138	9,392,828	7,695,787	10,457,416	10,589,089	7,522,671	18,729,180
Total governmental activities program revenues	33,003,161	48,056,507	28,194,446	31,102,337	40,274,712	39,281,310	35,623,252	31,140,618	29,631,849	40,950,976
<i>Business-type activities</i>										
Charges for services:										
Water	15,252,014	16,632,474	17,374,266	20,657,488	22,823,773	23,305,823	24,091,668	25,440,410	26,968,245	27,921,131
Wastewater	15,809,211	16,529,749	17,442,198	18,866,004	19,389,261	20,766,951	21,299,246	22,674,616	24,181,185	25,518,227
Surface and stormwater	4,743,490	4,832,097	5,398,976	5,526,016	6,500,655	7,202,502	8,502,059	8,437,892	8,734,819	8,635,868
Solid waste	211,874	196,329	220,301	236,780	209,253	236,188	193,954	-	18,538	-
Cemetery	244,710	326,436	301,334	274,244	275,548	281,712	318,244	385,306	337,474	280,675
Golf course	189,999	189,477	189,450	201,016	224,818	213,790	156,019	170,961	142,698	1,032,541
Parking	2,351,599	2,377,394	2,229,067	2,173,587	2,085,321	2,189,751	2,552,235	2,480,115	2,233,043	2,207,928
Medic one	6,574,164	6,397,643	6,106,185	2,301,064	6,714,586	5,911,804	4,795,313	4,989,151	6,170,702	6,356,248
Development services	2,208,015	1,815,099	1,912,283	2,123,596	2,607,991	2,896,780	3,220,430	3,361,294	3,644,024	3,918,500
Operating grants and contributions	3,919	62,035	769,988	3,722,655	1,692,473	420,099	548,128	71,400	45,824	2,050,604
Capital grants and contributions	1,844,551	1,437,283	1,563,673	1,118,079	1,438,295	2,412,989	7,978,361	6,549,965	3,318,479	4,507,921
Total business-type activities revenues	49,433,546	50,796,016	53,507,721	57,200,529	61,028,977	65,838,389	73,655,657	74,561,110	75,795,031	82,429,643
Total primary government program revenues	\$ 82,436,707	\$ 98,852,523	\$ 81,702,167	\$ 88,302,866	\$ 101,303,689	\$ 105,119,699	\$ 109,278,909	\$ 105,701,728	\$ 105,426,880	\$ 123,380,619
Net revenue (expense)										
Governmental activities	\$ (59,941,837)	\$ (69,550,042)	\$ (64,893,478)	\$ (61,985,587)	\$ (55,804,135)	\$ (77,993,135)	\$ (80,070,418)	\$ (71,335,582)	\$ (71,595,726)	\$ (57,553,482)
Business-type activities	(3,129,229)	(3,243,825)	365,815	4,058,623	764,172	8,957,530	12,564,600	13,470,053	11,310,103	14,497,413
Total primary government net expense	\$ (63,071,066)	\$ (72,793,867)	\$ (64,527,663)	\$ (57,926,964)	\$ (55,039,963)	\$ (69,035,605)	\$ (64,369,773)	\$ (57,865,529)	\$ (60,285,623)	\$ (43,056,069)

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

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

Page 3 of 3

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Assets										
Taxes:										
Property	\$ 16,683,534	\$ 16,998,700	\$ 17,351,542	\$ 17,628,836	\$ 20,986,967	\$ 21,420,754	\$ 21,921,209	\$ 22,236,396	\$ 25,227,041	\$ 23,317,634
Sales and use	18,763,691	19,297,747	22,978,303	25,823,907	28,021,708	29,355,254	30,320,519	31,721,766	33,661,575	36,294,219
Business	24,712,580	23,501,582	25,305,263	26,097,370	27,109,401	27,648,814	29,884,433	31,249,275	32,565,751	33,921,912
Real estate excise	-	-	-	-	-	-	3,663,842	3,762,944	4,270,238	4,987,075
Other	2,912,563	2,559,299	2,466,211	3,081,317	3,275,785	3,507,729	1,023,206	1,081,410	1,040,408	1,126,888
Investment income	1,436,128	1,551,747	1,366,413	1,134,224	176,643	1,556,628	1,396,110	1,293,161	936,410	2,084,395
Miscellaneous revenue	119,800	12,010	338,277	-	-	125,433	1,625,021	1,061,761	2,400,214	2,078,616
Transfers	(219,922)	(687,592)	(1,455,455)	(1,411,894)	(2,763,834)	(1,304,553)	1,715,147	(1,091,620)	164,698	1,879,521
Total governmental activities	<u>64,408,374</u>	<u>63,233,493</u>	<u>68,350,554</u>	<u>72,353,760</u>	<u>76,806,670</u>	<u>82,310,059</u>	<u>91,549,487</u>	<u>91,315,093</u>	<u>100,266,335</u>	<u>105,690,260</u>
<i>Business-type activities</i>										
Business taxes	1,186,561	1,352,583	1,252,349	1,244,127	1,274,696	1,330,240	1,370,813	1,393,427	1,417,406	1,442,063
Other taxes	-	-	-	-	-	636,485	663,189	687,714	745,263	817,625
Investment income	783,800	597,811	773,678	774,753	(211,280)	775,424	433,883	306,063	593,805	1,193,178
Miscellaneous revenue	(3,767)	(100)	(1,535,605)	-	54,548	454,998	55,025	1,397,864	2,153,483	178,448
Transfers	219,922	687,592	1,455,455	1,411,894	2,763,834	1,304,553	(1,715,147)	1,091,620	(164,698)	(1,879,521)
Special items	-	-	-	-	1,176,877	(869,536)	-	-	-	-
Total business-type activities	<u>2,186,516</u>	<u>2,637,886</u>	<u>1,945,877</u>	<u>3,430,774</u>	<u>7,991,672</u>	<u>3,632,164</u>	<u>807,763</u>	<u>4,876,688</u>	<u>4,745,259</u>	<u>1,751,793</u>
Total primary government	<u>\$ 66,594,890</u>	<u>\$ 65,871,379</u>	<u>\$ 70,296,431</u>	<u>\$ 75,784,534</u>	<u>\$ 84,798,342</u>	<u>\$ 85,942,223</u>	<u>\$ 92,357,250</u>	<u>\$ 96,191,781</u>	<u>\$ 105,011,594</u>	<u>\$ 107,442,053</u>
Change in net position										
Governmental activities	\$ 4,466,537	\$ (6,316,549)	\$ 3,167,417	\$ 10,368,173	\$ 21,002,535	\$ 23,284,044	\$ 11,479,069	\$ 19,979,511	\$ 28,670,609	\$ 48,136,778
Business-type activities	(942,713)	(605,939)	6,157,531	7,489,397	8,755,844	11,516,063	16,508,408	18,346,741	16,055,362	16,249,206
Prior period adjustments	(127,503.0)	19,292,092.0	464,252.0	(1,995,809.0)	(1,002,979.0)	(2,128,001.0)	(29,380,114.0)	-	-	(30,383,029)
Total primary government	<u>\$ 3,396,321</u>	<u>\$ 12,369,604</u>	<u>\$ 9,789,200</u>	<u>\$ 15,861,761</u>	<u>\$ 28,755,400</u>	<u>\$ 32,672,106</u>	<u>\$ (1,392,637)</u>	<u>\$ 38,326,252</u>	<u>\$ 44,725,971</u>	<u>\$ 34,002,955</u>

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

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 1,062,649	\$ 855,551	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	12,787,288	12,549,757	-	-	-	-	-	-	-	-
Nonspendable	-	-	640,985	744,750	185,207	3,500	4,214	331,188	328,343	11,752
Restricted	-	-	853,834	13,410,236	17,658,044	21,273,248	20,202,023	27,151,024	34,580,195	36,740,176
Committed	-	-	9,156,556	11,125,469	10,967,686	10,864,827	8,975,034	1,114,183	1,104,499	1,101,766
Assigned	-	-	150,409	8,210,509	8,429	11,159	4,142	7,917,779	7,149,535	9,627,262
Unassigned	-	-	4,708,440	4,663,166	14,508,167	16,246,739	20,113,545	22,587,604	25,354,134	32,241,438
Total general fund	<u>13,849,937</u>	<u>13,405,308</u>	<u>15,510,224</u>	<u>38,154,130</u>	<u>43,327,533</u>	<u>48,399,473</u>	<u>49,298,958</u>	<u>59,101,778</u>	<u>68,516,706</u>	<u>79,722,394</u>
All Other Governmental Funds										
Reserved, reported in:										
Special revenue funds	2,000	11,447,677	-	-	-	-	-	-	-	-
Debt service funds	587,923	9,360,229	-	-	-	-	-	-	-	-
Permanent funds	7,076,747	7,458,448	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	30,188,799	31,602,827	-	-	-	-	-	-	-	-
Permanent funds	857,725	688,451	-	-	-	-	-	-	-	-
Nonspendable	-	-	7,880,845	20,836,763	8,766,712	9,096,202	9,545,096	45,172,181	48,512,839	9,884,136
Restricted	-	-	46,611,880	17,843,562	35,051,972	39,889,984	43,745,102	23,817,423	28,466,861	71,369,467
Assigned	-	-	-	1,019,540	-	-	-	-	-	-
Total all other governmental funds	<u>38,713,194</u>	<u>60,557,632</u>	<u>54,492,725</u>	<u>39,699,865</u>	<u>43,818,684</u>	<u>48,986,186</u>	<u>53,290,198</u>	<u>68,989,604</u>	<u>76,979,700</u>	<u>81,253,603</u>
Total governmental funds	<u>\$ 52,563,131</u>	<u>\$ 73,962,940</u>	<u>\$ 70,002,949</u>	<u>\$ 77,853,995</u>	<u>\$ 87,146,217</u>	<u>\$ 97,385,659</u>	<u>\$ 102,589,156</u>	<u>\$ 128,091,382</u>	<u>\$ 145,496,406</u>	<u>\$ 160,975,997</u>

Source: City of Bellingham CAFR, governmental fund balance sheet.

Note: In 2011, GASB statement no. 54 changed the classification of fund balances and the definition of special revenue funds. As a result of the revised definition of special revenue funds, several separately budgeted funds are merged into the General Fund for reporting purposes. In 2013, it was determined that a \$8.5M rainy day fund within the General Fund, previously reported as restricted fund balance, should be reported as unassigned and has since been reclassified. In 2018, it was determined that the long-term portion of notes receivable in other governmental funds should be reclassified as restricted fund balance.

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

Revenues	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Taxes (see schedule 5)										
Property	\$ 16,417,702	\$ 16,943,851	\$ 17,355,250	\$ 17,660,090	\$ 21,050,298	\$ 21,421,965	\$ 21,949,543	\$ 22,276,130	\$ 22,594,301	\$ 23,317,634
Sales and use	18,763,691	19,297,746	22,978,302	25,823,907	28,021,705	29,355,254	29,692,863	31,062,115	32,963,034	35,535,800
Business	25,081,500	23,553,576	25,365,107	26,097,371	27,314,468	27,648,814	29,884,433	31,249,275	32,565,751	33,921,912
Real estate excise	1,878,291	1,707,980	1,729,100	2,296,408	2,337,770	2,529,869	3,663,842	3,762,944	4,270,238	4,987,075
Other	910,044	803,543	685,526	784,908	732,950	977,860	1,023,206	1,081,410	1,040,408	1,126,888
Licenses and permits	966,937	1,070,280	1,078,032	1,232,642	1,300,553	1,258,008	1,284,618	1,402,554	1,304,761	1,236,413
Intergovernmental revenue	17,625,391	17,238,533	9,972,732	10,624,466	11,452,576	11,508,745	14,993,044	12,120,722	13,873,654	23,086,494
Charges for services	15,971,339	16,269,473	16,086,214	18,196,715	21,243,000	21,838,838	16,885,318	9,893,767	10,727,758	12,780,111
Fines and penalties	1,245,620	1,219,571	1,224,859	1,172,060	1,159,922	1,072,066	986,371	826,412	755,587	704,626
Investment income	-	-	-	-	-	-	-	-	667,392	1,710,933
Miscellaneous revenues	2,937,560	3,641,048	2,828,548	2,595,705	1,952,598	2,839,951	2,812,043	2,750,058	2,951,278	2,245,572
Total revenues	101,798,075	101,745,601	99,303,670	106,484,272	116,565,840	120,451,370	123,175,281	116,425,387	123,714,162	140,653,458
Expenditures										
General government services	15,507,332	15,167,326	13,923,871	14,913,851	12,416,812	13,278,942	15,364,903	9,177,841	10,629,413	10,720,049
Public safety	36,575,103	36,378,223	37,962,289	39,354,251	40,200,861	41,363,417	42,045,095	45,416,863	48,954,353	49,642,527
Physical environment	7,391,028	5,390,396	5,476,279	6,638,368	54,331	-	-	-	-	-
Transportation	5,767,047	5,541,435	5,698,525	5,992,118	14,472,294	15,052,977	12,923,158	11,006,887	10,092,881	9,732,871
Natural and economic environment	5,939,617	4,715,403	3,863,451	3,831,392	6,798,451	7,197,542	7,477,652	8,206,985	7,367,531	7,774,777
Social services	47,087	77,989	47,024	77,562	238,327	-	154,472	154,308	190,909	187,762
Cultural and recreation	15,015,039	13,668,315	12,921,869	13,573,330	13,008,471	13,170,826	13,338,061	15,212,783	14,663,124	16,214,573
Debt service:										
Principal	2,219,918	2,180,422	1,810,964	1,721,544	1,375,686	1,386,839	1,396,604	1,801,382	1,786,400	2,096,674
Interest and other charges	1,091,742	972,391	871,130	637,312	553,657	545,172	544,850	956,459	868,158	804,221
Capital outlay	20,521,065	14,859,164	17,739,732	9,469,488	13,663,061	16,346,125	26,366,311	8,045,683	12,568,539	32,072,541
Total expenditures	110,074,978	98,951,064	100,315,134	96,209,216	102,781,951	108,341,840	119,611,106	99,979,191	107,121,308	129,245,995
Excess (deficiency) of revenues over (under) expenditures	(8,276,903)	2,794,537	(1,011,464)	10,275,056	13,783,889	12,109,530	3,564,175	16,446,196	16,592,854	11,407,463
Other Financing Sources (Uses)										
Bonds issued	-	-	-	508,824	-	1,010,336	3,205,000	9,640,000	-	-
Premiums on bonds	-	-	-	-	-	-	330,418	1,181,489	-	-
Sale of general capital assets	-	-	338,277	-	-	-	-	367,613	2,599,876	-
Insurance recoveries	119,800	12,010	-	-	-	-	-	-	-	-
Transfers in	3,203,500	3,507,589	2,950,709	3,497,509	2,202,093	1,662,223	2,534,966	1,994,425	2,835,136	3,049,876
Transfers out	(4,051,436)	(4,206,417)	(4,967,928)	(6,756,819)	(6,693,764)	(4,542,647)	(4,431,062)	(4,127,502)	(4,622,830)	(5,476,351)
Total other financing sources and (uses)	(728,136)	(686,818)	(1,678,942)	(2,750,486)	(4,491,671)	(1,870,088)	1,639,322	9,056,025	812,182	(2,426,475)
Prior period adjustments	-	19,292,090	(1,269,587)	326,483	-	-	-	-	-	6,498,603
Net change in fund balances	\$ (9,005,039)	\$ 2,107,719	\$ (2,690,406)	\$ 7,524,570	\$ 9,292,218	\$ 10,239,442	\$ 5,203,497	\$ 25,502,221	\$ 17,405,036	\$ 15,479,591
Debt service as a % of non-capital expenditures	3.7%	3.7%	3.2%	2.7%	2.2%	2.1%	2.1%	3.0%	2.8%	3.0%

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

Note: Investment income was comingled with miscellaneous revenues until 2017 when it became it's own revenue activity for presentation purposes..

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

Fiscal year	Property	Local retail sales & use	Special purpose excise*	Business & occupation	Utility	Real estate excise	Other**	Total
2009	\$ 18,222,431	\$ 16,230,568	\$ 2,533,123	\$ 11,693,382	\$ 13,517,785	\$ 1,878,291	\$ 780,377	\$ 64,855,957
2010	18,864,510	16,715,883	2,581,864	10,777,491	12,724,828	1,707,980	854,800	64,227,356
2011	19,245,460	17,828,713	5,149,590	11,475,976	13,804,184	1,729,100	770,473	70,003,496
2012	19,532,409	18,620,593	7,203,314	11,930,958	14,144,904	2,296,408	806,418	74,535,004
2013	22,937,490	19,845,322	8,176,386	12,402,011	14,707,392	2,337,770	938,015	81,344,386
2014	23,344,239	20,087,333	9,267,921	12,467,403	15,181,410	2,529,869	977,860	83,856,035
2015	23,950,298	20,294,217	9,398,646	14,637,925	15,246,507	3,663,842	1,023,206	88,214,641
2016	24,364,896	21,328,982	9,733,133	15,394,306	15,854,969	3,762,944	1,081,410	91,520,640
2017	24,703,307	22,586,157	10,376,877	16,114,671	16,451,080	4,270,238	1,040,408	95,542,738
2018	25,780,549	24,522,230	11,013,570	17,165,749	16,756,163	4,987,075	1,126,888	101,352,224
Change								
2009-2018	41.48%	51.09%	334.78%	46.80%	23.96%	165.51%	44.40%	56.27%

Source: City of Bellingham, governmental and fiduciary fund operating statements.

* Special purpose excise includes lodging, brokered natural gas, criminal justice funding, transportation benefit district and local revitalization tax.

** Other includes leasehold, admissions, and timber tax.

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

Fiscal year		Real property		Personal property		Total all property	Total direct tax rate %
2009	\$	7,619,785,052	\$	459,771,470	\$	8,079,556,522	2.28112
2010		8,059,113,899		537,883,799		8,596,997,698	2.22117
2011		8,011,858,018		404,941,014		8,416,799,032	2.30346
2012		7,926,656,654		400,634,706		8,327,291,360	2.34812
2013		7,948,478,438		400,149,623		8,348,628,061	2.73554
2014		8,134,585,561		419,461,150		8,554,046,711	2.73538
2015		8,430,205,958		450,981,681		8,881,187,639	2.69496
2016		8,817,117,291		484,620,541		9,301,737,832	2.62945
2017		9,377,723,331		491,151,552		9,868,874,883	2.52391
2018		10,324,045,873		497,204,824		10,821,250,697	2.35101

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

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Direct Levy										
Nonvoted										
General fund	\$ 1.49912	\$ 1.45770	\$ 1.52788	\$ 1.58776	\$ 1.60885	\$ 1.61634	\$ 1.59702	\$ 1.56102	\$ 1.48812	\$ 1.38135
Fire pension	0.22500	0.22500	0.22500	0.22500	0.22500	0.22499	0.22499	0.22499	0.21418	0.22500
Whatcom RDA LIFT	0.00021	0.00018	0.00226	0.00302	0.00293	0.00384	0.00414	0.00399	0.00517	0.00510
Total nonvoted	<u>1.72433</u>	<u>1.68288</u>	<u>1.75514</u>	<u>1.81578</u>	<u>1.83678</u>	<u>1.84518</u>	<u>1.82615</u>	<u>1.78999</u>	<u>1.70747</u>	<u>1.61144</u>
Voted										
Greenways	0.51163	0.49651	0.51645	0.53235	0.53942	0.53949	0.53101	0.51694	0.50000	0.46234
Affordable housing	-	-	-	-	0.35934	0.35071	0.33780	0.32252	0.31634	0.27723
Voted excess levies	<u>0.04516</u>	<u>0.04178</u>	<u>0.03187</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total voted	<u>0.55679</u>	<u>0.53829</u>	<u>0.54832</u>	<u>0.53235</u>	<u>0.89876</u>	<u>0.89020</u>	<u>0.86881</u>	<u>0.83946</u>	<u>0.81634</u>	<u>0.73957</u>
Total City	<u>\$ 2.28112</u>	<u>\$ 2.22117</u>	<u>\$ 2.30346</u>	<u>\$ 2.34813</u>	<u>\$ 2.73554</u>	<u>\$ 2.73538</u>	<u>\$ 2.69496</u>	<u>\$ 2.62945</u>	<u>\$ 2.52381</u>	<u>\$ 2.35101</u>
Overlapping districts levy										
State schools	\$ 2.21902	\$ 2.19787	\$ 2.45657	\$ 2.50814	\$ 2.67073	\$ 2.61643	\$ 2.48364	\$ 2.30668	\$ 2.23350	\$ 3.20040
County levy	1.01676	1.02054	1.11230	1.13438	1.15453	1.16469	1.15423	1.12775	1.08190	1.04144
Conservation futures	0.03949	0.01714	0.04125	0.04205	0.04279	0.04313	0.04274	0.04176	0.04003	0.03853
Flood control	0.16598	0.16299	0.13243	0.13512	0.13755	0.13883	0.13760	0.13444	0.12902	0.16593
Port of Bellingham	0.30593	0.29601	0.29719	0.28899	0.28610	0.28871	0.28776	0.27644	0.26461	0.25044
Bellingham School District	<u>2.98677</u>	<u>3.02022</u>	<u>3.41363</u>	<u>3.60646</u>	<u>3.87995</u>	<u>4.48506</u>	<u>4.48220</u>	<u>4.40084</u>	<u>4.80975</u>	<u>4.55180</u>
Total overlapping districts	<u>\$ 6.73395</u>	<u>\$ 6.71477</u>	<u>\$ 7.45337</u>	<u>\$ 7.71514</u>	<u>\$ 8.17165</u>	<u>\$ 8.73685</u>	<u>\$ 8.58817</u>	<u>\$ 8.28790</u>	<u>\$ 8.56303</u>	<u>\$ 9.24853</u>
Combined City and overlapping districts levies	<u>\$ 9.01507</u>	<u>\$ 8.93594</u>	<u>\$ 9.75683</u>	<u>\$ 10.06327</u>	<u>\$ 10.66763</u>	<u>\$ 11.23842</u>	<u>\$ 11.28313</u>	<u>\$ 10.91735</u>	<u>\$ 11.08684</u>	<u>\$ 11.59955</u>

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

Note: A portion of the City of Bellingham lies within the Meridian School District. The 2018 levy rate for Meridian is 4.67693.

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

2018

2009

Taxpayer	Taxable assessed value	Rank	Percentage of total assessed value	Taxable assessed value	Rank	Percentage of total assessed value
Puget Sound Energy	\$ 167,086,137	1	1.54%	\$ 125,681,714	1	1.56%
Bellis Fair Partners	52,142,324	2	0.48%	32,856,940	2	0.41%
SSC Bellingham Apartments LLC	44,097,772	3	0.41%	-	-	0.00%
PKII Sunset Square LLC	41,507,399	4	0.38%	20,891,450	3	0.26%
Costco Wholesale Corp	27,919,506	5	0.26%	-	-	0.00%
Belleau Woods LLC	23,855,351	6	0.22%	14,608,300	8	0.18%
Bellingham Cold Storage Co	20,320,107	7	0.19%	-	-	0.00%
Metropolitan Life Insurance	20,111,239	8	0.19%	17,174,245	5	0.21%
Barkley Lifestyle LLC	19,594,673	9	0.18%	-	-	0.00%
Sisters of St Joseph of Peace	19,311,318	10	0.18%	-	-	0.00%
Qwest Corporation	-	-	0.00%	17,988,333	4	0.22%
Spring Creek Retirement Center	-	-	0.00%	15,863,025	6	0.20%
Fred Meyer - Roundup Company	-	-	0.00%	15,537,950	7	0.19%
Cascade Natural Gas	-	-	0.00%	13,701,928	9	0.17%
Madrona Medical -4545 Cordata Pkwy LLC	-	-	0.00%	13,471,175	10	0.17%
Total top ten principal taxpayers	435,945,826		4.03%	287,775,060		3.56%
Total all taxpayers	\$ 10,821,250,697		100.00%	\$ 8,079,556,522		100.00%

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

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

Fiscal year	Taxes levied for the fiscal year	Amount collected in the 1st year	Percent collected in the 1st year	Cumulative Levy adjustments	Amount collected in subsequent years	Total amount collected	Total percent collected	Tax levy balance due
2009	\$ 18,426,728	\$ 18,187,142	98.700%	(2,129)	\$ 237,457	\$ 18,424,599	100.000%	\$ 0
2010	19,091,521	18,682,177	97.856%	(680)	408,576	19,090,753	100.000%	88
2011	19,384,545	19,048,860	98.268%	6,097	341,498	19,390,358	99.999%	284
2012	19,553,465	19,253,132	98.464%	2,819	302,836	19,555,968	99.998%	316
2013	22,841,687	22,549,616	98.721%	26,577	317,916	22,867,532	99.997%	732
2014	23,403,537	23,111,156	98.751%	10,573	300,993	23,412,149	99.992%	1,961
2015	23,940,035	23,702,605	99.008%	(16,007)	217,708	23,920,313	99.984%	3,715
2016	24,464,096	24,199,918	98.920%	(65,960)	164,983	24,364,901	99.864%	33,235
2017	24,792,922	24,552,738	99.062%	(20,747)	144,433	24,697,171	99.057%	75,004
2018	25,449,308	25,229,914	99.138%	(7,024)	-	25,229,914	99.166%	212,370

Source: Whatcom County Treasurer's Office.

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

Fiscal year	Governmental activities				Business-type activities				Primary government		
	General obligation bonds	Special assessment bonds	Notes payable	Government loans payable	Revenue bonds (net)*	General obligation bonds (net)	Notes payable	Government loans payable	Total primary government	Percentage of personal income**	Per capita
2009	\$ 19,716,556	\$ 286,110	\$ 153,045	\$ 2,053,154	\$ 23,660,000	\$ 7,850,585	\$ -	\$ 1,985,000	\$ 55,704,450	1.98%	\$ 702
2010	17,775,200	212,735	145,558	1,895,219	20,055,000	7,415,688	-	1,823,479	49,322,879	1.69%	610
2011	22,691,244	84,361	137,529	1,737,284	61,989,516	6,980,607	-	1,661,959	95,282,500	3.11%	1,175
2012	22,478,634	45,986	128,920	1,929,349	60,091,269	6,505,921	2,700,000	1,022,833	94,902,912	2.95%	1,166
2013	21,424,160	-	119,689	1,722,894	74,537,514	6,181,280	2,700,000	959,904	107,645,441	3.25%	1,308
2014	19,812,874	-	109,790	2,383,462	72,382,472	6,155,606	2,700,000	861,850	104,406,054	3.04%	1,261
2015	18,640,526	-	99,176	5,759,398	70,346,772	5,668,278	-	4,987,356	105,501,506	2.97%	1,262
2016	27,992,153	-	87,794	5,267,591	67,967,896	5,182,941	-	5,619,716	112,118,091	2.97%	1,317
2017	26,553,534	-	75,591	4,726,589	65,548,444	4,667,770	-	10,376,177	111,948,105	2.73%	1,257
2018	24,824,916	-	62,503	4,166,195	63,053,992	4,148,048	-	15,345,888	111,601,542	***	1,253

Source: City of Bellingham, long-term debt note, US Census Bureau, Quickfacts population estimate, and Bureau of Economic Analysis, per capita personal income.

Notes: ** See Schedule 15 for per capita personal income and population data. Current year information is not available at the time of this report.

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

Fiscal year	General obligation bonds	Less: Amounts available for debt service	Net general obligation bonds	GO debt as a % of taxable property value	General bonded debt per capita
2009	\$ 27,490,000	\$ 207,564	\$ 27,282,436	0.32%	\$ 344
2010	25,120,000	214,706	24,905,294	0.30%	308
2011	29,635,000	311,540	29,323,460	0.35%	362
2012	28,150,000	902,492	27,247,508	0.33%	335
2013	27,605,440	1,328,937	25,371,063	0.30%	308
2014	25,968,480	1,671,726	24,296,754	0.27%	293
2015	24,308,804	22,001	24,286,803	0.26%	291
2016	33,175,094	3,142,033	30,033,061	0.30%	353
2017	31,221,304	3,543,721	27,677,583	0.26%	316
2018	28,972,964	4,005,323	24,967,641	0.23%	280

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

City of Bellingham
Schedule 12
Direct and Overlapping Governmental Activities Debt
As of December 31, 2018

Governmental unit	Debt outstanding	Estimated percentage applicable	Estimated share of direct and overlapping debt
Overlapping debt:			
Bellingham School District #501	\$ 218,050,000	77.15%	\$ 168,225,172
Port of Bellingham	5,515,000	37.84%	2,087,136
Meridian School District #505	13,110,000	22.26%	2,917,933
Whatcom County	1,985,000	37.84%	751,217
Whatcom County Fire District #4	410,000	14.34%	58,789
Ferndale School District #502	14,295,000	0.04%	6,401
Total overlapping debt			174,046,648
City of Bellingham direct debt		100.00%	29,053,614
Total direct and overlapping debt			<u>\$ 203,100,262</u>

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

Note: Overlapping governments are those that coincide, at least in part, within the geographic boundaries of the City.

This schedule estimates the portion of the outstanding debt of those overlapping governments. This process recognizes that when considering the City's ability to issue and repay debt, the entire debt burden should be taken into account.

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

Legal Debt Margin Calculation for Fiscal Year 2018

Total assessed value	\$ 12,187,330,648
Debt limit:	182,809,960
Non-voted debt limit (1.5% of assessed value)	<u>121,873,306</u>
Voted debt limit (1.0% of assessed value)	<u>304,683,266</u>
Total debt limit	
Debt applicable to limit:	
Governmental activities - general obligation bonds	24,824,916
Business-type activities - general obligation bonds	<u>4,148,048</u>
Total debt applicable to limit	<u>28,972,964</u>
Legal debt margin	<u>\$ 275,710,302</u>

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total assessed valuation	\$ 8,596,997,698	\$ 8,416,799,032	\$ 8,327,291,360	\$ 8,348,628,061	\$ 8,554,046,711	\$8,881,187,639	\$9,301,737,832	\$9,868,874,883	\$10,821,250,697	\$12,187,330,648
Legal debt limit	214,924,942	210,419,975	208,182,284	208,715,702	213,851,168	222,029,691	232,543,446	246,721,872	270,531,267	304,683,266
Outstanding indebtedness	<u>27,435,481</u>	<u>25,050,852</u>	<u>29,460,989</u>	<u>27,726,428</u>	<u>25,792,232</u>	<u>24,353,046</u>	<u>24,308,804</u>	<u>33,175,094</u>	<u>31,221,304</u>	<u>28,972,964</u>
Legal debt margin	<u>\$ 187,489,461</u>	<u>\$ 185,369,123</u>	<u>\$ 178,721,295</u>	<u>\$ 180,989,274</u>	<u>\$ 188,058,936</u>	<u>\$ 197,676,645</u>	<u>\$ 208,234,642</u>	<u>\$ 213,546,778</u>	<u>\$ 239,309,963</u>	<u>\$ 275,710,302</u>
% of legal debt limit exhausted	12.8%	11.9%	14.2%	13.3%	12.1%	11.0%	10.5%	13.4%	11.5%	9.5%

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

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

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

Fiscal year	Water-Sewer revenue bonds						Special assessment (LID) bonds		
	Operating revenue	Operating expense	Nonoperating income(expense)	Net available revenue	Principal & interest payments	Debt service coverage ratio	Collections	Principal & interest payments	Debt service coverage ratio
2009	30,779,714	20,147,012	(82,392)	10,550,310	3,815,881	2.76	355,519	270,223	1.32
2010	31,367,418	19,012,485	1,157,920	13,512,853	4,526,558	2.99	130,023	100,100	1.30
2011	32,855,741	19,535,924	2,291,162	15,610,979	4,596,396	3.40	135,889	150,300	0.90
2012	36,658,554	21,256,791	3,258,296	18,660,059	4,596,396	4.06	98,618	52,200	1.89
2013	40,295,129	21,952,315	1,233,129	19,575,943	4,473,226	4.38	113,012	79,500	1.42
2014	42,363,233	22,463,509	1,409,273	21,308,997	5,188,632	4.11	-	-	-
2015	44,860,441	21,819,955	782,906	23,823,392	5,230,818	4.55	-	-	-
2016	48,115,026	23,595,087	(347,176)	24,172,763	5,206,467	4.64	-	-	-
2017	51,149,430	25,171,069	263,455	26,241,816	5,194,718	5.05	-	-	-
2018	53,439,358	26,227,966	972,203	28,183,595	5,191,250	5.43	-	-	-

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

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

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

Year	Population	Median age	Total households	Total families	Average family size	Per capita income	Median household income	Graduated high school	Unemployment rate
2009	79,383	29.9	\$ 32,677	14,928	2.89	\$ 35,721	37,031	90.6%	8.5%
2010	80,885	31.0	33,945	15,824	2.85	36,557	38,136	91.7%	9.5%
2011	81,070	30.6	33,933	15,862	2.86	38,211	39,299	92.5%	9.0%
2012	81,360	31.1	33,805	16,118	2.88	40,396	40,844	92.3%	8.1%
2013	82,310	30.9	33,625	16,267	2.89	40,260	40,648	92.5%	7.4%
2014	82,810	31.0	33,847	16,609	2.89	41,456	42,440	92.6%	6.6%
2015	83,580	31.2	33,764	16,384	2.91	42,511	43,536	92.7%	6.0%
2016	85,146	31.1	34,096	16,231	2.95	44,273	44,441	92.7%	5.8%
2017	89,044	31.1	35,296	16,561	2.87	46,028	47,886	93.6%	5.0%
2018	***	***	***	***	***	***	***	***	4.7%

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

Sources: United States Census Bureau, US Dept. of Labor, Bureau of Labor Statistics.

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

Employer	2018			2009		
	Employees	Rank	Percentage of total employment	Employees	Rank	Percentage of total employment
St. Joseph Hospital	3,028	1	2.85%	2,714	1	2.75%
Western Washington University	1,700	2	1.60%	1,664	2	1.68%
Bellingham School District	1,010	3	0.95%	1,265	3	1.28%
Whatcom County	907	4	0.85%	920	4	0.93%
City of Bellingham	853	5	0.80%	910	5	0.92%
Haggen Inc.	750	6	0.71%	866	6	0.88%
Fred Meyer	710	7	0.67%	542	9	0.55%
Whatcom Educational Credit Union	668	8	0.63%	-	-	-
Bellingham Technical College	664	9	0.62%	-	-	-
Zodiac Interiors	496	10	0.47%	-	-	-
Sterling Life Insurance	-	-	-	653	8	0.66%
Sodexo Services	-	-	-	760	7	0.77%
The Markets LLC	-	-	-	487	10	0.49%
Total employed by the top 10 employers	10,786		10.14%	10,781		10.91%
Total employment of Bellingham, WA (MSA)	106,375			98,816		

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

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

Employee groups	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Elected Mayor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Elected City Council	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Elected Municipal Judge	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Non-Represented Employee Group	87.0	80.1	76.9	79.6	77.1	79.3	76.5	76.0	77.0	77.0
Supervisors & Professionals	106.0	100.0	97.5	97.0	96.0	100.5	102.0	105.8	107.1	107.1
Professional Librarians	8.0	6.3	7.0	6.7	7.0	7.5	7.5	7.5	7.5	7.5
Emergency Med Svcs Dispatch	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Fire Supervisors	8.0	8.0	8.0	8.0	8.0	7.0	7.0	7.0	7.0	7.0
Firefighters	133.0	129.0	133.0	133.0	127.5	123.5	120.0	121.0	129.0	129.0
Police	106.0	99.7	101.0	102.0	101.0	103.0	105.0	106.0	108.0	110.0
Police Lieutenants	5.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0
WHAT COMM Dispatch	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0
Non-Uniformed	<u>351.6</u>	<u>319.8</u>	<u>310.2</u>	<u>314.9</u>	<u>313.7</u>	<u>325.0</u>	<u>325.1</u>	<u>337.9</u>	<u>338.6</u>	<u>338.6</u>
Total regular workforce	852.6	795.9	786.6	794.2	783.3	799.8	797.1	815.2	828.2	830.2
Temporary labor	<u>62.6</u>	<u>62.0</u>	<u>60.6</u>	<u>60.2</u>	<u>62.5</u>	<u>62.0</u>	<u>68.0</u>	<u>66.0</u>	<u>63.2</u>	<u>63.2</u>
Total paid workforce	<u>915.2</u>	<u>857.9</u>	<u>847.2</u>	<u>854.4</u>	<u>845.8</u>	<u>861.8</u>	<u>865.1</u>	<u>881.2</u>	<u>891.4</u>	<u>893.4</u>

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

City of Bellingham
Schedule 18
Operating Indicators by Function
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Community Development										
Low-income housing units created	66	9	82	8	6	11	150	61	85	135
Rental assistance to homeless families	22	19	21	18	18	26	31	32	30	28
First time home buyer assistance	12	5	5	8	4	11	12	10	11	2
Development Services										
Building permits issued	668	752	675	702	778	865	874	795	768	857
All permits issued	3,178	3,472	3,615	3,602	4,112	4,417	4,520	4,641	4,522	5,444
New lots created	72	72	26	79	22	99	81	40	149	64
Human Resources										
Turnover rate	8.61%	7.30%	5.55%	4.44%	6.39%	7.63%	6.30%	5.84%	7.74%	9.27%
Benefit cost as a % of base wage	40.20%	34.16%	36.29%	38.22%	38.15%	38.64%	36.67%	37.76%	40.38%	39.54%
Overtime cost as a % of base wage	4.13%	3.35%	2.82%	2.43%	3.02%	3.86%	4.44%	4.22%	5.89%	5.77%
Information Technology Services										
Ave. # of unique website visitors/month	45,442	53,450	50,282	53,991	59,447	64,528	72,583	51,500	57,193	68,071
Judicial Services										
Infractions filed	8,910	8,614	7,483	7,213	7,048	6,898	6,604	5,621	5,064	4,687
Misdemeanors filed	3,665	3,844	3,576	3,442	3,606	3,131	2,838	2,909	2,697	2,805
Parking citations filed	50,967	54,186	44,966	43,681	35,475	30,657	31,250	30,531	21,250	17,017
Hearings	20,022	20,015	19,216	23,918	19,404	18,638	14,884	13,671	13,622	13,915
Legal Services										
Criminal filings	4,138	3,844	3,576	3,442	3,631	2,972	2,682	2,744	2,463	2,543
Claims filed	79	48	58	48	35	52	59	60	52	53
Library										
Circulation per capita	21	21	20	20	20	20	19	18	18	19
Persons visiting	924,300	836,700	862,300	842,200	825,800	830,900	837,700	811,600	787,700	773,800
Museum										
Total attendance	50,445	70,879	64,977	72,400	73,800	73,100	71,900	71,907	73,257	62,478
Parks										
Park acreage	3,440	3,446	3,561	3,574	3,580	3,587	3,615	3,643	3,643	3,759
Trail miles	67	68	68	68	69	69	70	71	72	72
Greenway levy acres	696	697	812	824	830	837	893	894	894	3,192
Public Safety Services										
Total dispatch incidents/CAD	128,416	128,734	127,248	124,480	134,300	140,200	143,900	151,000	133,233	153,000
Incidents per dispatcher	5,583	4,951	5,533	5,081	5,839	6,096	6,257	6,293	5,793	5,885
Reportable police calls	24,261	23,673	22,123	21,953	24,577	25,930	23,748	23,925	23,516	77,664
Fire incidents	11,351	11,705	10,993	10,105	11,030	11,301	11,784	16,036	18,063	18,793
Paramedic incidents	9,100	9,045	11,213	8,024	9,443	10,497	8,807	8,809	9,118	9,769
Transportation										
Feet of streets resurfaced	12,883	31,205	26,664	24,552	30,254	13,992	9,240	4,066	5,040	12,888
Miles of bicycle lanes and trails	39	41	43	48	49	52	58	62	67	73
Wastewater										
Million of gallons wastewater/day	13	12	12	13	12	12	12	12	12	12
Feet of wastewater main added	22,787	23,598	27,964	5,586	27,192	2,265	11,095	5,711	5,832	7,530
Water										
Million of gallons water treated/day	9	9	9	9	8	8	7	8	9	9
Feet of water main added	4,628	1,685	18,188	6,264	4,148	3,057	8,626	13,760	21,999	15,614
Watershed										
Cumulative acres acquired	1,313	1,390	1,390	1,759	1,788	1,893	1,893	1,979	1,987	2,004
Current year acquisitions	28	77	-	369	29	105	-	85	8	17

Source: City of Bellingham departments.

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

City of Bellingham
Schedule 19
Capital Asset Statistics by Function
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Governmental Services										
City Hall	1	1	1	1	1	1	1	1	1	1
Federal building (gifted to City)	1	1	1	1	1	1	1	1	1	1
Municipal court building	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police										
Station	1	1	1	1	1	1	1	1	1	1
Police vehicles	34	39	44	46	49	51	52	49	50	51
Police motorcycles	***	***	***	7	9	7	7	7	7	7
Armored unit	1	1	1	1	1	1	1	1	1	1
Mobile precinct	1	1	1	1	1	1	1	1	1	1
Fire										
Fire stations	6	6	6	6	6	6	6	6	6	6
Fire trucks	12	10	10	10	10	10	10	10	10	11
Command vehicle	1	1	1	1	1	1	1	1	1	1
Ambulances	13	13	13	13	13	13	12	11	12	11
Physical Environment										
Public Works										
Operations facility	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	390	393	396	413	414	416	417	420	423	425
Sewer mains (miles)	316	316	314	315	314	314	317	315	316	318
Storm mains (miles)	311	311	311	311	263	263	268	270	272	275
Transportation										
Parking										
Parking garage	2	2	2	2	2	2	2	2	2	2
Surface parking lots	3	3	3	3	3	3	3	3	3	3
Public Works										
Streets (miles)	297	297	297	297	301	301	302	304	305	308
Sidewalks (miles)	149	199	291	291	291	296	298	301	302	306
Traffic signals maintained	***	***	199	203	205	205	219	219	219	224
Culture and Recreation										
Library										
Libraries (buildings)	2	2	2	2	2	2	2	2	2	2
Museum										
Museums (buildings)	2	2	2	2	2	2	2	2	2	2
Parks Department										
Parks / open space	37	45	45	52	52	70	71	91	91	92
Community gardens	3	3	3	3	3	3	3	3	3	3
Fish hatcheries	2	2	2	2	2	2	2	2	2	2
Trail corridors	13	13	13	13	13	13	14	24	24	26
Softball fields	4	4	4	4	4	6	8	10	10	10
Playgrounds	***	***	***	***	***	***	***	28	28	29
Overwater dock/pier	1	1	1	1	1	1	1	3	3	4
Boat launch ramps	***	***	***	***	***	***	***	2	2	2
Skateboard park	1	1	1	1	1	1	1	4	4	4
Football stadium	1	1	1	1	1	1	1	1	1	1
Ice arena	1	1	1	1	1	1	1	1	1	1
Baseball stadium	1	1	1	1	1	1	1	1	1	1
Aquatic center - swimming pools	1	1	1	1	1	1	1	1	1	1
Golf course	1	1	1	1	1	1	1	1	1	1
Cemetery	1	1	1	1	1	1	1	1	1	1
Public Facilities District (PFD)										
Theater	1	1	1	1	1	1	1	1	1	1
Museum	1	1	1	1	1	1	1	1	1	1

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

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

**City of Bellingham
Schedule 20
Municipal Utilities
Last Ten Fiscal Years**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Water customers										
Single family (SF)	19,259	19,093	18,828	19,311	19,569	19,773	21,232	21,351	21,878	21,835
Multi-family & commercial	5,224	5,489	5,940	5,867	6,009	4,862	4,897	5,848	6,590	6,048
Water monthly rates										
Single family base rates										
Metered 5/8"	10.11	10.61	11.11	11.61	13.10	14.21	15.42	19.35	20.33	21.46
Metered 3/4"	14.31	14.86	15.42	15.97	18.02	19.55	21.21	26.62	27.97	29.52
Metered 1"	22.68	23.35	24.02	24.69	27.85	30.23	32.78	41.15	43.24	45.64
Metered 1 1/2"	43.62	44.58	45.55	46.51	52.47	56.94	61.76	77.52	81.44	85.98
Metered 2"	68.75	70.06	71.37	72.68	82.00	88.98	96.51	121.13	127.27	134.36
Metered 3"	135.78	138.02	140.25	142.49	160.76	174.44	189.21	237.48	249.52	263.41
Metered 4"	211.17	214.45	217.74	221.02	249.35	270.57	293.48	368.37	387.03	408.58
Metered 6"	420.60	426.79	432.97	439.16	495.45	537.62	583.14	731.93	769.02	811.83
Volume rate per 1 CCF	1.22	1.32	1.43	1.53	1.58	1.63	1.67	1.72	1.82	1.94
Non-single family base rates										
Metered 5/8"	13.27	15.35	17.43	19.51	21.00	21.75	22.39	25.56	28.32	30.86
Metered 3/4"	19.03	21.96	24.89	27.82	29.95	31.01	31.93	36.44	40.39	44.01
Metered 1"	30.56	35.19	39.82	44.45	44.45	49.55	51.01	58.22	64.53	70.32
Metered 1 1/2"	59.36	68.24	77.13	86.01	92.59	95.88	98.70	112.66	124.86	136.06
Metered 2"	93.94	107.92	121.91	135.89	146.28	151.49	155.94	178.00	197.27	214.97
Metered 3"	186.14	213.73	241.31	268.90	289.46	299.76	308.58	352.23	390.36	425.38
Metered 4"	289.86	332.75	375.65	418.54	450.54	466.57	480.30	548.24	607.59	662.10
Metered 6"	577.98	663.39	748.80	834.21	898.00	929.95	957.32	1,092.71	1,211.02	1,319.66
Metered 8"	923.73	1,060.15	1,196.58	1,333.00	2,240.24	1,485.99	1,529.71	1,746.06	1,935.11	2,108.70
Metered 10"	1,442.35	1,655.30	1,866.25	2,081.20	3,045.74	2,319.94	2,388.21	2,725.98	3,021.12	3,292.14
Metered 12"	n/a	n/a	n/a	n/a	n/a	3,154.11	3,246.93	3,706.15	4,107.41	4,475.88
Volume rate per 1 CCF	1.22	1.32	1.43	1.53	1.63	1.77	1.93	1.94	1.94	1.97
Irrigation vol. rate per 1 CCF	2.01	2.11	2.20	2.30	2.35	2.40	2.45	2.50	2.55	2.60
Wastewater customers										
Single family	19,259	19,093	18,828	19,311	19,569	19,784	20,465	21,131	21,804	21,541
Multi-family & commercial	6,224	5,489	5,940	5,867	6,009	4,860	4,865	4,978	5,394	5,465
Wastewater monthly rates										
Single family (rate class 1)	27.51	29.30	31.20	33.23	33.97	35.07	37.24	39.47	41.66	43.16
Non-single family										
Base rate (class 2-4)	27.51	29.30	31.20	33.23	33.97	35.07	37.24	39.47	41.66	43.16
Volume rate per 1 CCF > 16 CCF	2.89	3.08	3.28	3.49	4.09	4.66	4.99	5.43	5.80	6.07
Base rate (class 5 and up)	25.32	29.96	31.90	33.23	33.97	44.35	56.84	59.84	62.97	65.23
Volume rate per 1 CCF > 16 CCF	3.16	3.37	3.59	3.49	4.09	6.09	7.83	8.44	8.98	9.40
Stormwater monthly base rates										
Small footprint < 1k sq. ft.	4.20	4.20	4.20	4.20	5.08	5.39	5.71	6.05	6.42	6.58
Medium footprint 1k-2.99k sq. ft.	7.00	7.00	7.00	7.00	8.47	8.98	9.52	10.09	10.69	10.96
Large footprint > 3k sq. ft., per sq ft.	0.00466	0.00466	0.00466	0.00466	0.00564	0.00598	0.00634	0.00672	0.00712	0.00730
Watershed monthly rates										
Single family, base rate only	5.00	5.00	5.00	5.00	12.33	12.41	12.63	12.86	13.13	13.46
Non-single family & Irrigation										
Base rate	5.00	5.00	5.00	5.00	5.14	5.17	5.265	5.36	5.475	5.61
Volume rate per 1 CCF > 22 CCF	0.27	0.27	0.27	0.27	0.66	0.66	0.6761	0.682	0.6963	0.7137

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