

City of Bellingham, Washington

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2019



Photo taken by Samuel Paulston

City of Bellingham, Washington

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2019

Prepared by:

Finance Director

Andrew Asbjornsen

Accounting Manager

Valerie Schorr

Accountants

Melanie Aliverti, CPA

Brandon Orcutt

Eden Rockenbach

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>

TABLE OF CONTENTS**INTRODUCTORY SECTION**

Letter of Transmittal	1
Organizational Chart	6
List of Elected and Appointed Officials	7
GFOA Certificate of Achievement	8

FINANCIAL SECTION

Independent Auditor's Report	9
Management's Discussion and Analysis	13

Basic Financial Statements**Government-Wide Financial Statements**

Statement of Net Position (SNP)	26
Statement of Activities (SOA)	28

Governmental Funds

Balance Sheet	29
Reconciliation of the Balance Sheet to the SNP	31
Statement of Revenues, Expenditures and Changes in Fund Balances (RECFB)	32
Reconciliation of the RECFB to the SOA	33

Proprietary Funds

Statement of Net Position	34
Statement of Revenues, Expenses and Changes in Net Position	36
Statement of Cash Flows	37

Fiduciary Funds

Statement of Net Position	39
Statement of Changes in Net Position	40

Notes to the Financial Statements

42

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual Legal Basis General Fund	106
Reconciliation of Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual Legal Basis to GAAP Basis – General Fund	107
State Pension Plan Schedules	
Schedule of City's Proportionate Share of Net Pension Liability/Asset - DRS	108
Schedule of Pension Contributions - DRS	109
Local Pension Plan Schedules	
Schedule of Changes in Total Pension Liability	110
Other Post Employment Benefit Plan Schedules	
Schedule of Changes in Total OPEB Liability	111

Combining and Individual Fund Financial Statements

Funds Consolidated with the General Fund for GASB 54 Reporting

Descriptions	113
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual Legal Basis	
Original General Fund	114
Street Fund	115
Olympic - Whatcom Falls Park Addition Fund	116
First 1/4% Real Estate Excise Tax Fund	117
Second 1/4% Real Estate Excise Tax Fund	118
Greenway III Levy Fund	119
Park Impact Fees Fund	120
Sportsplex Fund	121
Firefighter's Pension Fund	122
Police Officer's Pension Fund	123
Total General Fund Combined for GASB 54	124

Non-Major Governmental Funds

Combining Balance Sheet	126
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	127

Non-Major Special Revenue Funds

Descriptions	129
Combining Balance Sheet	131
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	132
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual GAAP Basis	
Paths and Trails Fund	133
Library Gift Fund	134
Olympic Pipeline Incident Fund	135
Environmental Remediation Fund	136
Police Special Purpose Funds	137
Public Safety Dispatch Fund	138
Transportation Benefit District Fund	139
Public, Education, and Government Access Television Fund	140
Tourism Fund	141
Low Income Housing Fund	142
HUD Grant Funds	143

Non-Major Debt Service Funds

Descriptions	145
Combining Balance Sheet	146
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	147
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual GAAP Basis	
2004 Sportsplex LTGO Bond Fund	148
2004 PFD/Civic Fld LTGO Bond Fund	149
2011 QEC Bond Fund	150
2016 PFD Refunding Bonds Fund	151
Drake Note Fund	152
Governmental Debt Service Fund	153
LID Guaranty Fund	154

Non-Major Capital Projects Fund

Descriptions	156
Balance Sheet	157
Statement of Revenues, Expenditures and Changes in Fund Balances	158
Statement of Revenues, Expenditures and Changes in Fund Balance from Inception	159

Non-Major Permanent Funds

Descriptions	161
Combining Balance Sheet	162
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	163
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual GAAP Basis	
Greenways Maintenance Endowment Fund	164
Natural Resource Protection and Restoration Fund	165

Non-Major Enterprise Funds

Descriptions	167
Combining Statement of Net Position	168
Combining Statement of Revenues, Expenses and Changes in Net Position	169
Combining Statement of Cash Flows	170

Internal Service Funds

Descriptions	172
Combining Statement of Net Position	173
Combining Statement of Revenues, Expenses and Changes in Net Position	175
Combining Statement of Cash Flows	177

STATISTICAL SECTION

Table of Contents - Descriptions	180
Schedule 1 – Net Position by Component	181
Schedule 2 – Change in Net Position	182
Schedule 3 – Fund Balances, Governmental Funds	185
Schedule 4 – Changes in Fund Balances, Governmental Funds	186
Schedule 5 – Tax Revenues by Source, Governmental Funds and Fiduciary Funds	187
Schedule 6 – Assessed Value of Taxable Property	188
Schedule 7 – Direct & Overlapping Property Tax Rates	189
Schedule 8 – Principal Property Tax Payers	190
Schedule 9 – Property Tax Levies and Collections	191
Schedule 10 – Ratios of Outstanding Debt by Type	192
Schedule 11 – Ratios of General Obligation Bonded Debt Outstanding	193
Schedule 12 – Direct and Overlapping Governmental Activities Debt	194
Schedule 13 – Legal Debt Margin Information	195
Schedule 14 – Pledged-Revenue Coverage	196
Schedule 15 – Demographic and Economic Statistics	197
Schedule 16 – Principal Employers	198
Schedule 17 – Full-time Equivalent City Government Employees by Groups	199
Schedule 18 – Operating Indicators by Function	200
Schedule 19 – Capital Asset Statistics by Function	201
Schedule 20 – Municipal Utilities	202





Finance Department

City of Bellingham

July 28, 2020

Mayor Seth Fleetwood, 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, 2019. 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, 2019. 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. The 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 91,610. Bellingham is the 12th largest of the 281 municipalities 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 will 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 2019, 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 continued improvement in the City's key revenue sources. Compared to 2018, the City's overall revenues are up \$1.7 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 2009, and the 2019 fiscal year-end reserve reached \$30.8 million.

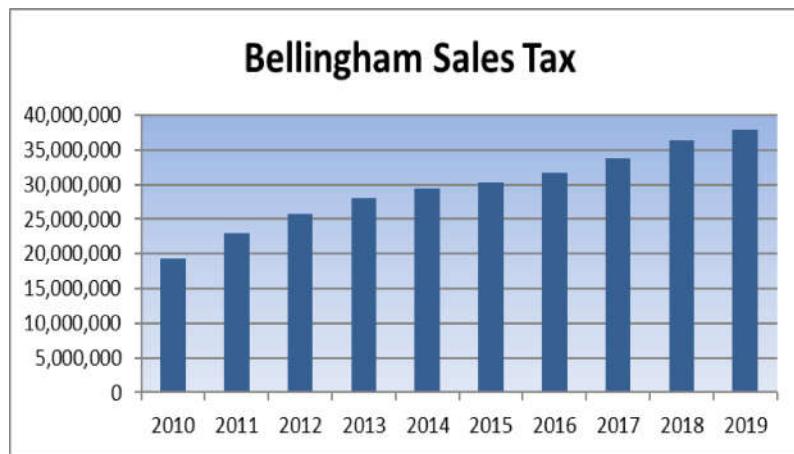
As reported by the Bureau of Labor Statistics, for the Bellingham Metropolitan Statistical Area, total non-farm employment declined from a previous high of 87,300 jobs in 2007 to a low of 77,700 jobs in 2010. In 2019, non-farm employment ended the year with 96,900 jobs.

The value of commercial and residential building projects increased from \$228.5 million in 2018 to \$257.1 million in 2019. New single-family dwellings were strong in 2019 with a valuation of \$43.9 million and 179 units; however, this was lower than 2018's valuation of \$45.4 million and 186 new units. Multi-family construction increased in 2019 with a valuation of \$71.2 million and 613 units, compared to \$36.3 million and 361 units in 2018. New industrial decreased in 2019 to \$8.4 million versus \$20.1 million in 2018. There were 811 total permits issued in 2019, down from 857 in 2018.

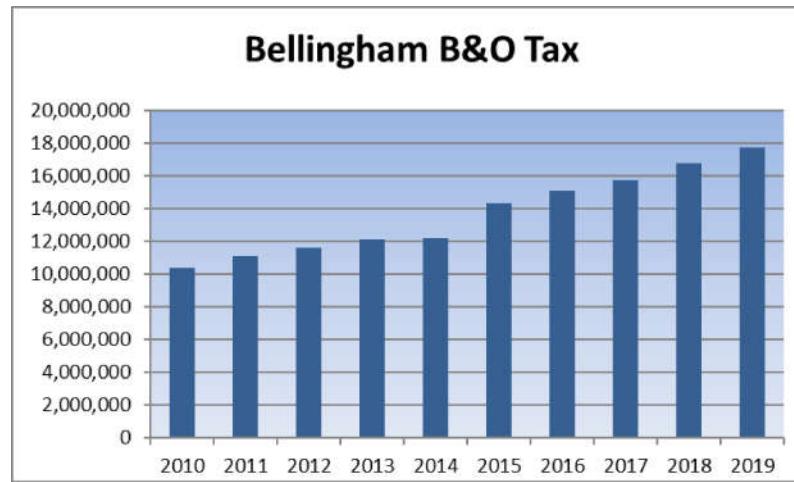
The City of Bellingham receives approximately \$2.21 per \$1,000 of assessed property value from property owners within the City limits. In 2019, this generated \$27.1 million government wide. Property taxes increased \$3.8 million over the prior year. Government-wide property tax revenue was allocated amongst the funds as follows: General fund \$15.3 million, Fire Pension and OPEB \$2.5 million, Greenways \$5.1 million, Low-income Housing \$4 million, and Waterfront Capital Construction \$56 thousand. Property tax provides roughly 22.9% of total government-wide general 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 2019, the City collected over \$37.9 million of sales tax revenues, an increase of \$1.6 million, a 4.5% rate of growth over 2018, and the highest sales tax revenue to date. Sales tax revenue generates approximately 32.1% of government-wide general revenue.

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 local retail sales tax, public safety sales tax, brokered natural gas use tax, criminal justice tax, transportation benefit 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, followed by three years of decline, with B&O taxes reaching a low of \$10.4 million in 2010. Over the last nine years our economy has shown signs of recovery as is evident in the returning increase in B&O taxes. In 2019, B&O tax revenue hit \$17.7 million.



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 \$705.7 million in Whatcom County in 2018, 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 32,572 students. St. Joseph Hospital, a 255-bed medical center and Level III Trauma Center serving Northwest Washington, is the city's largest employer.

Long-term Financial Planning

The City maintains a Financial Forecast of Revenue Resources and Expenditures for six years beyond the current budget year. This forecast provides the City's policymakers with an indication of the long-term fiscal impact of current policies and budget decisions. The City regularly test both its planning and forecasting methodology and use of planning and forecasting tools to provide information that is timely and accurate. This information allows the City to make short-term budgetary decisions as well as the foresight for long-term policy decision impacts. Capital projects will typically be based on City Council approved formal long-range plans, including the City's Legacies and Strategic Commitments, Capital Facilities Plan (CFP), the Comprehensive Plan and/or other supporting plans or studies. Each project will be evaluated based on its relative contribution to meeting the stated goals and objectives of these studies.

Relevant Financial Policies

The City must balance present and anticipated future needs for services and the City's ability to raise fees, charges, and taxes to support those services. The City strives to maintain a diversified mix of revenues to balance the sources of revenue amongst taxpayers and to provide ongoing stability and predictability. The City's overall revenue structure is designed to accrue to the City some of the financial benefits resulting from the City's economic and community development investments without being regressive in its application. It is the City of Bellingham's policy that "one-time" revenues, those considered to be available for only a limited period, will not be used for on-going operating purposes. When considering the use of new revenues for funding on-going employment costs, staff will assure that funding is available throughout the planning horizon or term-limit the position consistent with the duration of the revenue.

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, 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 was 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 currently under construction. Additionally, office and residential spaces in the area are slated for construction.

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, 2018. This was the 18th 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 2019 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.

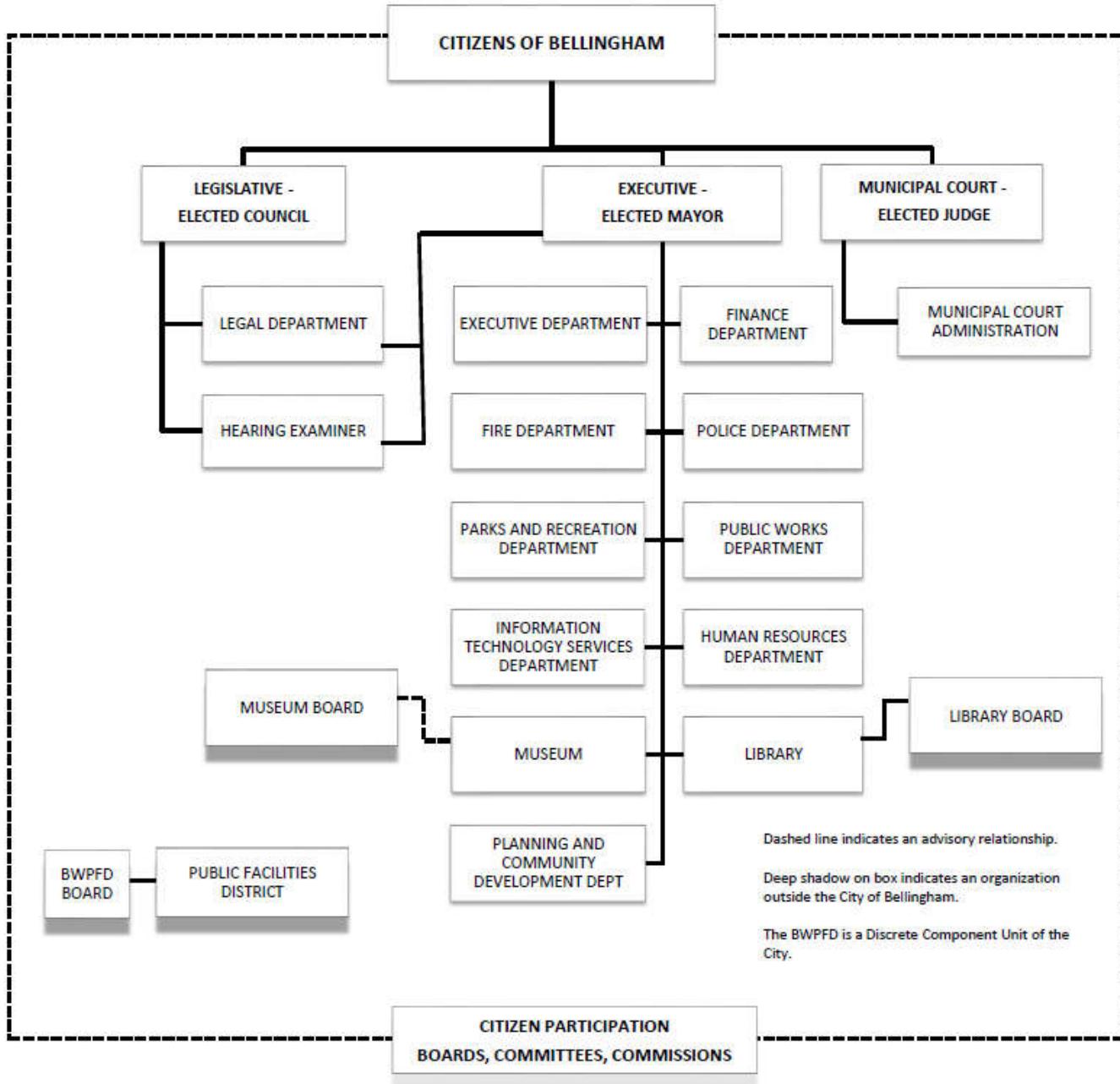
Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of Finance Department staff and other employees throughout the City who assisted in and contributed to its preparation. Further appreciation is extended to the Mayor and City Council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

Respectfully submitted,



Andy Asbjornsen
Finance Director
City of Bellingham

CITY OF BELLINGHAM ORGANIZATIONAL CHART



City of Bellingham
List of Elected and Appointed Officials
December 31, 2019

Elected Officials

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

Appointed Officials

Chief of Police	David Doll
City Attorney	Peter Ruffatto
Court Administrator	Darlene Peterson
Deputy Administrator	Brian Heinrich
Finance Director	Andrew Asbjornsen
Fire Chief - Interim	Bill Hewett
Hearing Examiner	Sharon Rice
Human Resources Service Manager	KayCee Johnson
Information Technology Director	Marty Mulholland
Library Director	Rebecca Judd
Museum Executive Director	Patricia Leach
Parks & Recreation Director - Interim	Nicole Oliver
Planning & Community Development Director	Richard Sepler
Public Works Director - Interim	Eric Johnston



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, 2018

Christopher P. Monill

Executive Director/CEO



Office of the Washington State Auditor Pat McCarthy

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

July 28, 2020

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, 2019, 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Bellingham, as of December 31, 2019, 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 21 to the financial statements, in 2019, the City adopted new accounting guidance, *Governmental Accounting Standards Board Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, and Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

As discussed in Note 23 to the financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the City. 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 as a whole. The combining financial statements and schedules 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 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 July 28, 2020, 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".

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, 2019. The information presented should be read in conjunction with the letter of transmittal, financial statements, and the notes to the financial statements.

Financial highlights

- At December 31, 2019, the City's government-wide net position, the amount by which total assets and deferred outflow of resources exceed total liabilities and deferred inflow of resources, totaled \$873.2 million. Of this amount, \$653.7 million, or 75%, is the net investment in capital assets. Of the remaining net position, \$53.8 million is unrestricted and may be used to meet the City's ongoing obligations.
- The net position of governmental activities is \$545.8 million, an increase of \$49.9 million, or 10.1% from 2018. This increase is due in part to prior period adjustments totaling \$13.8 million. The implementation of GASB 73 changed the Pension and OPEB funds from being reported as trust fund fiduciary activities to now be reported within the General fund as non-trust governmental activities. This change in accounting principle resulted in an increase in net position of \$9.2 million. An additional adjustment of \$4.6 million was made to recognize tax revenue in 2018 that was received in 2019 (see Note 22). Before the prior period adjustments, the increase in net position of governmental activities was \$36.2 million.
- The net position of business-type activities is \$327.4 million, which represents an increase of \$10.1 million, or 3.2% over 2018. This increase was due primarily to activity in the Water and Wastewater funds.

Overview of the financial statements

This discussion and analysis is intended to provide an introduction to the basic financial statements. The basic financial statements consist of three parts: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide financial statements

Government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. These statements are reported using full accrual basis of accounting. All funds are represented except custodial fund types.

- **The Statement of Net Position** presents financial information on all assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increased or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- **The Statement of Activities** presents financial information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cashflows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish function of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety,

transportation, natural and economic resources, social services, and culture and recreation. The business-type activities of the City include water, wastewater, surface and stormwater, solid waste, cemetery, golf course, parking, medic one, and development services.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate entity, the Bellingham-Whatcom Public Facility District (PFD) (known as the discretely presented component unit) for which the City is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

Fund financial statements

While the government-wide statement looks at the City as a whole and focus on types of activities (general government versus business-type activities), the fund financial statements provide a more detailed look at the City's individual major funds and combined fund types.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and custodial funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund statements include balance sheets and statements of revenues, expenditures, and changes in fund balance. The accounting basis used is modified accrual and there are no capital assets or long-term debt included in these statements. Unlike the full accrual basis of accounting used in government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources and balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's current financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to compare the governmental fund statements and the *governmental activities* in the government-wide statements.

The City reports 22 individual governmental funds. Information for the General fund, the City's only major governmental fund, is presented separately in the basic statements. Data from the City's other governmental funds including special revenue, debt service, capital project, and permanent funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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 are used to account for the City's business-type activities where all, or part, of the cost of activities are supported by fees and charges that are paid directly by those who benefit from the activities. The fund level statements provide the same type of information as the government-wide

financial statements, only in more detail since both apply the accrual basis of accounting. In comparing the total assets and total liabilities between the two statement, you will notice only slight differences. One notable difference is that the “due from other fund” (asset) and the “due to other funds” (liability) are combined in a single line called “Internal balances” in the assets section of the government-wide Statement of Net Position. Proprietary fund statements include statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows.

The City reports two types of proprietary funds: enterprise and internal service funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City has nine enterprise funds, which account for the operations of four major funds: Water, Wastewater, Surface and Stormwater, and Solid Waste, and five other funds that are aggregated in the non-major enterprise fund column. *Internal service* funds are used to report activities that provide supplies and services for many City programs and to accumulate and allocate the associated costs of providing these supplies and services to the various functions. The internal service funds account for the 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. Because these internal fund services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

The Proprietary Fund Statement of Net Position and the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position present separate columns of financial data for the four major enterprise funds. Data from the remaining enterprise funds and internal service fund are combined and presented in their own, single, aggregated columns in the fund statement. Individual fund data for each of the non-major enterprise funds, as well as the internal service funds, are provided in combining statement following the basic financial statements.

Custodial 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. The City has two funds that are reported as Custodial 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

The notes 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.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents comparative budget statements for major governmental funds. This report contains certain required supplementary information concerning the City's Pension and Other Post Employment Benefit funds. Information is also provided for the City's participation in state retirement plans.

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 \$873.2 million, at December 31, 2019. This was an increase of \$60 million, or 7.4%, over December 31, 2018.

Net position (in thousands)					
	Governmental activities		Business-type activities		Total
	2019	2018	2019	2018	
Assets					
Current	\$ 192,991	\$ 146,951	\$ 90,688	\$ 81,639	\$ 283,679
Noncurrent	69,587	75,260	17,372	13,302	86,959
Capital assets (net of depr)	<u>411,289</u>	<u>400,349</u>	<u>323,210</u>	<u>324,889</u>	<u>734,499</u>
Total assets	<u>673,867</u>	<u>622,560</u>	<u>431,270</u>	<u>419,830</u>	<u>1,105,137</u>
Deferred Outflows of Resources	<u>7,915</u>	<u>7,704</u>	<u>1,097</u>	<u>1,087</u>	<u>9,013</u>
Liabilities					
Current	11,360	8,711	5,106	5,390	16,466
Current portion long-term	8,386	8,040	5,431	4,866	13,817
Long-term noncurrent	<u>97,819</u>	<u>100,851</u>	<u>92,821</u>	<u>91,886</u>	<u>190,641</u>
Total liabilities	<u>117,565</u>	<u>117,602</u>	<u>103,358</u>	<u>102,142</u>	<u>220,923</u>
Deferred Inflows of Resources	<u>18,424</u>	<u>16,829</u>	<u>1,581</u>	<u>1,435</u>	<u>20,005</u>
Net position					
Net investment in capital assets	406,477	378,166	247,261	247,653	653,738
Restricted	149,622	128,102	16,079	12,590	165,701
Unrestricted	<u>(10,306)</u>	<u>(10,435)</u>	<u>64,088</u>	<u>57,097</u>	<u>53,782</u>
Total net position	<u><u>\$ 545,793</u></u>	<u><u>\$ 495,833</u></u>	<u><u>\$ 327,428</u></u>	<u><u>\$ 317,340</u></u>	<u><u>\$ 873,221</u></u>
					<u><u>\$ 813,173</u></u>

By far, the largest portion of the City's net position, 75%, 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 2019, the net investment in capital assets increased by \$27.9 million.

An additional portion of the City's net position, 19%, 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 2019, the restricted resources total \$165.7 million. The remaining balance of \$53.7 million is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors. This is an increase of \$7.1 million from 2018.

At the end of 2019, 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 2018.

Changes in net position

In 2019, government-wide net position increased by \$60 million, of which governmental activities increased by \$49.9 million. This increase is due in part to prior period adjustments of \$13.8 million. In 2019, the City implemented GASB 73, which changed the reporting of the Pension and OPEB funds, which had previously been reported as trust fund fiduciary activities, to now be reported within the General fund as non-trust fund governmental activities. This change in accounting principle resulted in an increase in governmental net position of \$9.2 million. An additional adjustment of \$4.6 million was made to recognize business and occupation tax revenue in 2018 that was received in January and February 2019, for

December 2018 business activity (see Note 22). Before the prior period adjustments, the increase in net position of governmental activities was \$36.2 million. Governmental activities total revenues increased by \$588 thousand from 2018. Governmental activities program revenues decreased by \$8.4 million, while general revenues increased by \$9 million.

The business-type activities net position for 2019 increased by \$10.1 million over 2018. This increase is primarily due to revenues exceeding expenses. Total business-type activities revenues increased \$1.1 million, or 1.3% from 2018. In 2019 business-type general revenues increased \$1.6 million, while total program revenues decreased \$488 thousand. This decrease in program revenues was due to a decrease in both capital grant and contributions of \$2.2 million and operating grants and contribution of \$1.1 million from 2018.

Changes in net position (in thousands)

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Program revenues:						
Charges for services	\$ 14,792	\$ 14,492	\$ 78,697	\$ 75,871	\$ 93,489	\$ 90,363
Operating grants and contributions	11,533	7,730	944	2,051	12,477	9,781
Capital grants and contributions	6,193	18,729	2,301	4,508	8,494	23,237
General revenues:						
Property tax	27,072	23,318	-	-	27,072	23,318
Sales and use tax	37,919	36,294	-	-	37,919	36,294
Business tax	34,513	33,922	1,582	1,442	36,095	35,364
Real estate excise tax	4,064	4,987	-	-	4,064	4,987
Other taxes	1,126	1,127	868	818	1,994	1,945
Investment Income	5,014	2,084	2,826	1,193	7,840	3,277
Miscellaneous revenue	2,852	2,079	211	178	3,063	2,257
Total revenues	145,078	144,762	87,429	86,061	232,507	230,823
Program expenses:						
General government	10,090	12,069	-	-	10,090	12,069
Public safety	52,960	44,921	-	-	52,960	44,921
Transportation	19,315	16,418	-	-	19,315	16,418
Natural and economic environment	8,890	7,190	-	-	8,890	7,190
Social services	299	188	-	-	299	188
Culture and recreation	18,775	16,919	-	-	18,775	16,919
Interest on long-term debt	746	800	-	-	746	800
Water	-	-	22,916	21,631	22,916	21,631
Wastewater	-	-	21,022	21,775	21,022	21,775
Surface & stormwater	-	-	9,782	8,429	9,782	8,429
Solid waste	-	-	5,304	1,647	5,304	1,647
Medicine	-	-	8,369	7,280	8,369	7,280
Other business type activities	-	-	7,878	7,170	7,878	7,170
Total expenses	111,075	98,505	75,271	67,932	186,346	166,437
Excess (deficiency) before transfers	34,003	46,257	12,158	18,129	46,161	64,386
Transfers	2,151	1,880	(2,151)	(1,880)	-	-
Change in net position	36,154	48,137	10,007	16,249	46,161	64,386
Net position - beginning	495,833	478,215	317,339	300,955	813,172	779,170
Prior Period Adjustment	13,806	(30,519)	82	136	13,888	(30,383)
Net position - ending	\$ 545,793	\$ 495,833	\$ 327,428	\$ 317,340	\$ 873,221	\$ 813,173

Revenues and expenses – government-wide

In 2019, overall government-wide revenues increased \$1.7 million, from \$230.8 million in 2018 to \$232.5 million. There were several elements that led to this increase in revenues, but was primarily due to a \$10.6 million increase in general revenues. The largest increases were in investment interest and property tax. Investment interest increased \$4.6 million, as interest rates continued to increase. Property tax increased \$3.8 million due to new construction. Increases were also seen in sales and use tax of \$1.6 million and business tax of \$731 thousand due to strong demand for services and products within the local economy. Offsetting the increase in general revenues for 2019, total program revenues decreased \$8.9 million from 2018. This was due to a decrease of \$14.7 million, or 63.4%, in capital grants and contributions.

Overall government-wide expenses increased by \$19.9 million, rising from \$166.4 million in 2018 to \$186.3 million in 2019. \$12.6 million of this increase was in the governmental activities and \$7.3 million was in the business-type activities.

Governmental activities

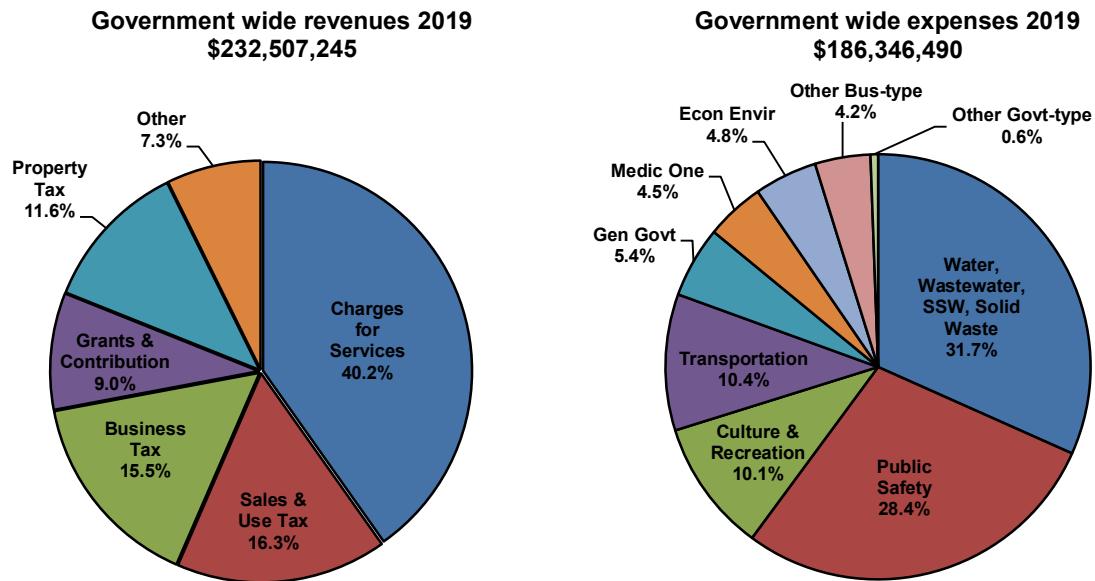
Governmental activities total program revenue decreased by \$8.4 million, from \$40.9 million in 2018 to \$32.5 million in 2019. While operating grants and contributions increased \$3.8 million, it was offset by a \$12.5 million decrease in capital grants and contributions. The increase in operating grants and contributions was mainly from a \$3.4 million increase in public safety. Capital grants and contributions decreased due to transportation capital grants reducing from \$18.7 million in 2018 to \$6.2 million in 2019, a difference of \$12.5 million. Charges for services had a small increase of \$300 thousand over 2018.

In 2019, expenses for governmental activities experienced an overall increase of 12.8%. Total governmental activity spending was \$111.1 million, a \$12.6 million increase over 2018 spending of \$98.5 million. 48% of this increase is attributed to public safety expenses increasing \$8 million. Expenses also increased for transportation by \$2.9 million, culture and recreation by \$1.9 million and natural and economic environment by \$1.7 million. These increases were offset by a decrease in general government expenses of \$2 million.

Business-type activities

Business-type activities program revenue decreased by \$488 thousand, from \$82.4 million in 2018 to \$81.9 million in 2019. While charges for services increased \$2.8 million, operating grants and contributions decreased \$1.1 million, and capital grants and contributions decreased \$2.2 million. Surface and Stormwater, Water, and Wastewater funds accounted for \$2.3 million of the increase in charges for services. This increase was due in part to utility rate increases. There were also increases in charges for services for Medic One of \$365 thousand and Development Services of \$238 thousand.

Expenses for business-type activities increased \$7.3 million from the prior year. The largest increase was Solid Waste fund expenses at \$3.7 million, due to an increase in pollution remediation liability. Smaller increases were seen in Surface and Stormwater of \$1.4 million, Water of \$1.3 million, Medic One of \$1.1 million, and Parking of \$1 million. Cemetery fund had a small increase of \$51 thousand. These increases were offset by a decrease in Wastewater fund expenses of \$753 thousand, Development Services of \$290, and Golf fund of \$90 thousand.



Fund level financial analysis

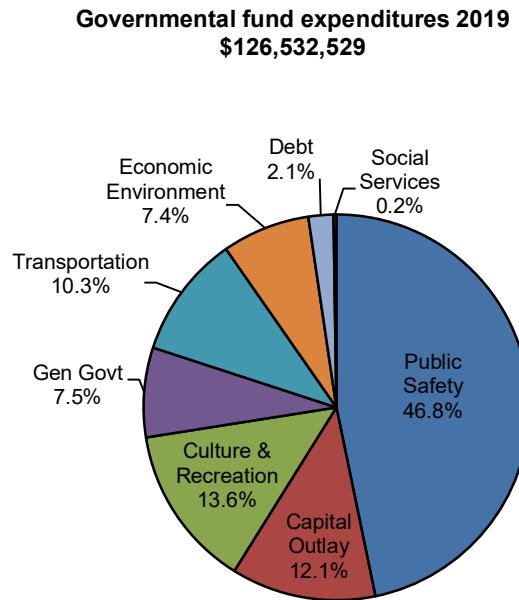
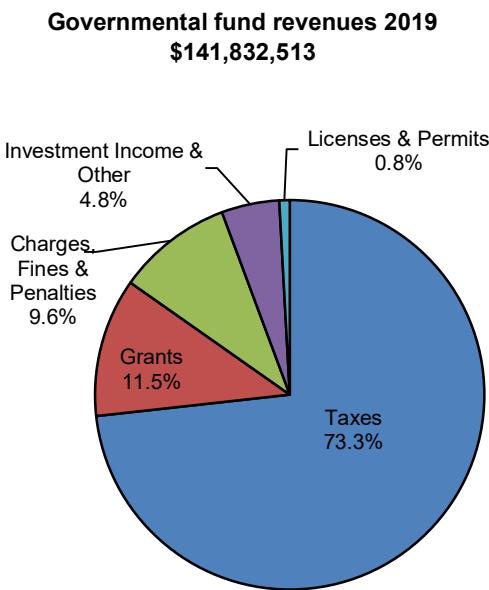
Governmental funds

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 nine special revenue funds reported within the General fund. Two of these funds, pension and OPEB funds, had previously been reported under GASB 68 as *trust fund* fiduciary activities. The pension and OPEB funds are now reported within the General fund under GASB 73 as *non-trust fund* governmental activities. The General fund is the City's only governmental major fund.

Fund balance in governmental funds increased \$38.6 million in 2019. Of this amount, \$15.3 million is related to excess revenues over expenditures, and \$26.8 million is a prior period adjustment, resulting in a final ending fund balance of \$199.5 million. Overall governmental revenues increased \$1.2 million, from \$140.7 million in 2018 to \$141.8 million 2019. While taxes increased \$5 million and miscellaneous revenues increased \$2.9 million, they were offset by a decrease in intergovernmental revenue of \$6.8 million. This decrease intergovernmental revenue was due to reduced revenues from capital grants.

Tax revenue is the City's most significant source of governmental revenue, representing 73.3% of total governmental revenue and 78% 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, property, and utility tax. Overall, tax collections increased 5.1% from 2018 to 2019. Within the legally adopted original General fund, property tax had the largest increase, \$2.8 million or 13.8%. Increases were also seen in sales and use tax showed an increase of \$1.2 million, or 4.7%, and business tax increased \$591 thousand, or 1.7%. This increase in tax revenue is due to increased business activity within the strong local economy.



Expenditures

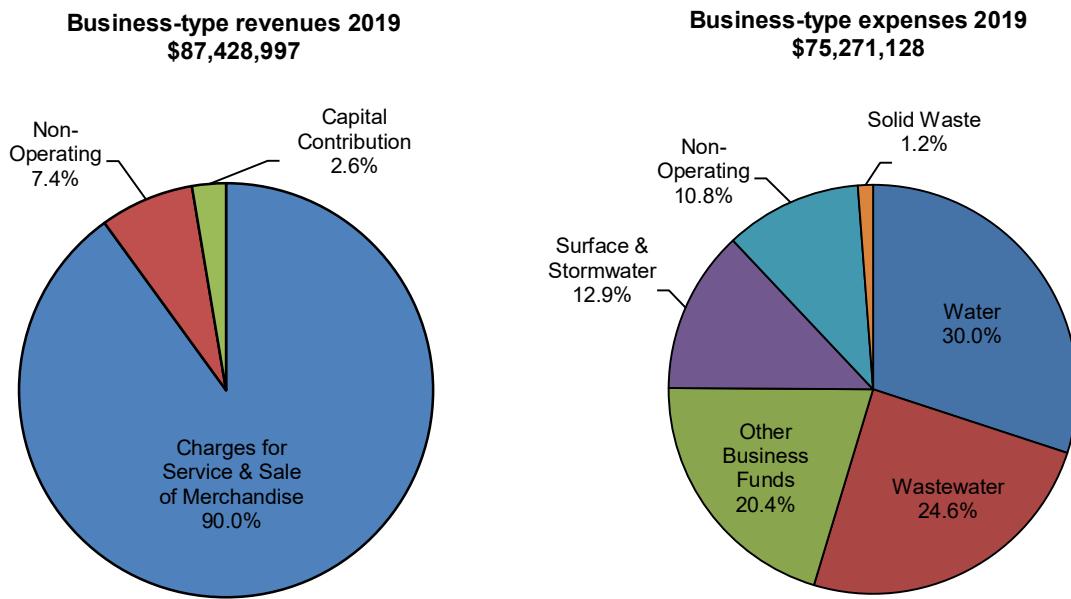
Public safety consisting of fire, police, and municipal court accounts for 46.8% of governmental expenditures. Culture and recreation services, representing 13.6%, includes parks and recreation programs, the museum, and the library. Capital outlay accounts for 12.1%. Transportation includes both the maintenance and construction of transportation infrastructure and accounts for 10.3% of governmental expenditures. General government type expenditures comprising 7.5%, are typically overhead in nature, providing management, accounting, legal, personnel and technical services required by operating programs. Additionally, natural and economic environment is 7.4%, debt expenses is 2.1%, and social services represent .2% of total governmental expenditures.

Business-type funds

Net position increased by \$10.1 million, for a total of \$327.4 million in business-type funds. Operating revenues increased by \$2.8 million, or 3.7%, from \$75.9 million to \$78.7 million. Operating expenses increased by \$3.7 million, or 5.9%, from \$63.4 million to \$67.1 million.

The financial position of the City's business-type funds is largely influenced by the Water and Wastewater funds. Together they comprise 69.2% of operating revenues, 61.3% of expenses, and 83.4% 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 2019, 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 2019, 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 \$34.5 million, from \$79.7 million in 2018 to \$114.2 million in 2019. This increase is due in part to excess revenues over expenditures of \$7.7 million. The primary reason for this increase is prior period adjustments of \$26.8 million. In 2019, the City implemented GASB 73, which changed the reporting of the Pension and OPEB funds, which had previously been reported as trust fund fiduciary activities, to now be reported within the General fund as non-trust fund governmental activities. This change in accounting principle resulted in an increase in General fund net position of \$22.2 million. An additional adjustment of \$4.6 million was made to recognize business and occupation tax revenue in 2018 that was received in January and February 2019, for December 2018 business activity. See Note 22.

Fund balance for the non-major governmental funds increased by \$4.1 million in 2019, due in large part to excess revenues over expenditures of \$2.9 million and net transfers-in of \$1.2 million. Overall revenues increased \$1.1 million while expenses decreased \$390 thousand in 2019, as compared to 2018.

The City has nine business-type funds. The four major business-type funds are Water, Wastewater, Surface and Stormwater and Solid Waste. In 2019, the major funds all increased their net positions from 2018, except for Solid Waste which had a decrease of \$4.2 million. The increases were \$7 million in Water, \$6.6 million in Wastewater, and \$955 thousand in Surface and Stormwater. Operating revenues increased \$2.8 million, due in part to rate increases. Solid Waste has a negative ending net position of \$11.7 million (see Note 2B). In 2019, the pollution remediation liability was increased by \$4.3 million in the Solid Waste fund, which added to the negative ending net position. The City has five non-major enterprise funds: Cemetery, Golf, Parking Services, Medic One and Development Services. Overall net position for the five funds decreased by \$326 thousand in 2019, compared to 2018. Cemetery and Development Services both increased net position, while Golf, Parking, and Medic One experienced a decrease.

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 nine 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 RSI section of the financial statements. The City of Bellingham budgets on a biennial basis. The 2019-2020 adopted General fund budget for expenditures (pre-GASB 54 rollup) is \$167.7 million, the final budget after all amendments is \$177.1 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 2018.
- Increases and decreases in appropriations to recognize actual program costs.
- New appropriations to acknowledge unanticipated revenues and corresponding expenditures.

2019 was the first year of a two-year budget cycle. 2019 actual revenues are 48.1% 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 49.3-51.5% of the final two-year budget. Intergovernmental revenue came in above budget at 112%. Investment income and miscellaneous revenue also came in above budget at 59.8%, and 64.8%. These revenues were offset by charges for services which was below estimated budget at 20.1%. 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 2019 due to increased business activity from the stronger local economy as previously stated above.

Actual expenditures for 2019 are 44.6% of the final two-year budgeted amount. This is mainly due to general government expenditures coming in at only 30.7% of budget.

The General fund actual ending fund balance of \$40.1 million is above the projected final ending balance of \$22.4 million, a \$17.8 million difference. The General fund ending balance is above budget due to 2019 being the first year of a two-year budget.

Debt administration and capital assets

Long-term debt

At December 31, 2019, the City's total outstanding debt was \$107.6 million, a decrease of \$4 million from 2018.

Outstanding debt (in thousands)

	Governmental activities		Business-type activities		Total		Increase (Decrease)
	2019		2018		2019		
	2019	2018	2019	2018	2019	2018	2019-2018
General obligation bonds	\$ 23,311	\$ 24,825	\$ 3,623	\$ 4,148	\$ 26,934	\$ 28,973	\$ (2,039)
Revenue bonds	-	-	61,537	63,054	61,537	63,054	(1,517)
Government loans	3,591	4,166	15,444	15,346	19,035	19,512	(477)
Notes payable	48	63	-	-	48	63	(15)
Total	<u>\$ 26,950</u>	<u>\$ 29,054</u>	<u>\$ 80,604</u>	<u>\$ 82,548</u>	<u>\$ 107,554</u>	<u>\$ 111,602</u>	<u>\$ (4,048)</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.

Capital assets

At December 31, 2019, the City has invested \$734.5 million in a wide range of capital assets throughout governmental and business-type activities, an increase of \$9.3 million from the previous year. This was primarily due to an increase in Construction in Progress of \$10.9 million. This increase is due to the following projects:

- Cordata Community Park totaled \$4.7 million
- Non-Motorized Improvements totaled \$2 million
- Cordata/Stuart Roundabout totaled \$1.9 million
- Orchard Street Extension totaled \$1.4 million

Capital assets (net of depreciation, in thousands)							
	Governmental activities		Business-type activities		Total		Increase (Decrease)
	2019	2018	2019	2018	2019	2018	2019-2018
Capital assets, non depreciable:							
Land	\$ 85,489	\$ 85,489	\$ 48,440	\$ 47,047	\$ 133,929	\$ 132,536	\$ 1,393
Improvements/infrastructure	17,615	17,615	-	-	17,615	17,615	-
Construction in progress	15,706	6,535	3,129	1,355	18,835	7,890	10,945
Intangible right of ways	58,992	58,987	206	206	59,198	59,193	5
Capital assets, net of depreciation:							
Buildings	24,175	25,079	93,120	95,916	117,295	120,995	(3,700)
Improvements/infrastructure	190,889	189,635	176,397	178,129	367,286	367,764	(478)
Machinery and equipment	17,189	15,476	1,918	2,236	19,107	17,712	1,395
Intangible software	1,234	1,533	-	-	1,234	1,533	(299)
Total	\$ 411,289	\$ 400,349	\$ 323,210	\$ 324,889	\$ 734,499	\$ 725,238	\$ 9,261

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 water, wastewater, surface and stormwater, parks, and street projects. Of the current capital commitments, \$17.5 million has been spent to date with \$7.7 million remaining.

Economic factors and Next Year's Budget

The City of Bellingham budgets on a biennial basis. 2020 represents the second year of the 2019-2020 Biennial Budget. The budget was initially developed in 2018 and in late 2019 was modified through a robust mid-biennial process that included an updated revenue forecast. The two-year budget assumes revenues totaling \$597 million and expenses of \$677 million. The expenses in excess of projected revenues are primarily for capital projects and other one-time expenses.

In 2019, the City of Bellingham saw the same sustained economic growth that it has enjoyed over much of the past eight years, including record permitting and construction activity, a major driver of General fund tax revenues. During this time period, City leaders have demonstrated fiscal restraint and provided the City with strong base of reserves to weather potential financial crisis.

The 2020 forecast accounted for continued economic growth at a slightly slowed rate. Revenues from economically variable tax categories such as sales tax and business and occupation were adjusted up to account for the robust receipts of 2019, but growth rates were projected to slow and regress closer to historical averages. Fee-based utility revenues were projected to maintain the previous projections based on pre-determined fee increases tied to the consumer price index.

In response to the COVID-19 crisis, the City anticipates revenue to fall significantly short of budgeted amounts in 2020. In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the virus. Steps to slow the spread have included closing schools, colleges, and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function. The full extent of the financial impact to the City will depend on the length of time these measures will be in place, which is unknown at this time. To offset this shortfall, budgets have been reduced throughout the General fund, and further steps will continue to be evaluated as more information is available.

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, 2019

	Total Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total Primary Government	Public Facilities District
ASSETS				
Cash and cash equivalents	\$ 36,237,758	\$ 17,631,121	\$ 53,868,879	248,395
Investments	142,566,581	69,145,260	211,711,841	974,151
Receivables, net	14,186,502	3,911,767	18,098,269	306,411
<i>Restricted assets:</i>				
Cash and cash equivalents	-	2,995,144	2,995,144	191,780
Investments	-	11,746,276	11,746,276	752,119
Due from other governments	1,600,996	1,591,355	3,192,351	435
Due from component units	14,747,606	-	14,747,606	-
Inventory	543,366	47,957	591,323	-
Prepaid items	915,890	-	915,890	-
Special assessments receivable	-	3,958	3,958	-
Notes and contracts receivable	26,643,531	-	26,643,531	-
Capital assets, non depreciable:				
Land	85,488,948	48,440,305	133,929,253	1,329,860
Improvements	17,614,900	-	17,614,900	-
Construction in progress	15,705,998	3,129,398	18,835,396	-
Intangible assets - right of ways	58,991,954	206,111	59,198,065	-
Capital assets, net of depreciation:				
Buildings	24,174,894	93,119,512	117,294,406	12,884,152
Improvements	190,888,750	176,397,254	367,286,004	5,911,394
Machinery and equipment	17,189,128	1,917,427	19,106,555	-
Intangibles - software	1,234,559	-	1,234,559	-
Net pension asset	25,135,601	986,927	26,122,528	-
Total assets	673,866,962	431,269,772	1,105,136,734	22,598,697
DEFERRED OUTFLOWS OF RESOURCES				
Loss on refunding	1,163,211	395,224	1,558,435	537,738
Related to pensions	6,751,972	702,116	7,454,088	-
Total deferred outflows of resources	7,915,183	1,097,340	9,012,523	537,738
LIABILITIES				
Accounts payable	5,563,179	4,027,572	9,590,751	41,563
Accrued wages and benefits	3,720,291	725,414	4,445,705	-
Internal balances	(158,264)	158,264	-	-
Due to other governments	88,358	-	88,358	-
Other current liabilities	1,009,265	195,017	1,204,282	-
Unearned revenue	1,137,111	-	1,137,111	-
Noncurrent liabilities:				
Due within one year	8,385,870	5,430,801	13,816,671	1,363,885
Due in more than one year	97,819,175	92,821,333	190,640,508	13,383,721
Total liabilities	117,564,985	103,358,401	220,923,386	14,789,169

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

CITY OF BELLINGHAM
Government-Wide
Statement of Net Position
December 31, 2019

	Total Primary Government		Component Unit	
	Governmental Activities	Business-Type Activities	Total Primary Government	Public Facilities District
DEFERRED INFLOWS OF RESOURCES				
Related to OPEB	2,897,743	-	2,897,743	-
Related to pensions	15,526,609	1,580,793	17,107,402	-
Total deferred inflows of resources	18,424,352	1,580,793	20,005,145	-
NET POSITION				
Net investment in capital assets	406,476,617	247,261,373	653,737,990	5,915,538
Restricted:				
<i>Expendable</i>				
Affordable housing	34,599,941	-	34,599,941	-
Capital improvements	17,777,871	8,345,251	26,123,122	-
Cemetery services	-	336,037	336,037	-
Debt service	17,408,511	5,930,483	23,338,994	943,899
Environmental remediation	2,505,384	-	2,505,384	-
Government access TV	918,830	-	918,830	-
Library projects	112,542	-	112,542	-
Park improvements	19,499,927	-	19,499,927	-
Pension asset - LEOFF	25,135,601	986,927	26,122,528	-
Public safety dispatch	1,780,739	-	1,780,739	-
Public safety special purpose	353,540	-	353,540	-
Rental property inspections	-	480,234	480,234	-
Tourism	1,545,093	-	1,545,093	-
Transportation improvements	10,683,868	-	10,683,868	-
Waterfront redevelopment	7,360,483	-	7,360,483	-
<i>Nonexpendable</i>				
Permanent funds principal	9,939,391	-	9,939,391	-
Unrestricted	(10,305,530)	64,087,613	53,782,083	1,487,829
Total net position	\$ 545,792,808	\$ 327,427,918	\$ 873,220,726	\$ 8,347,266

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, 2019

Function/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Component Unit
Governmental Activities							
General government	\$ 10,089,864	\$ 2,143,986	\$ 2,753,614	\$ 20,000	\$ (5,172,264)	\$ (5,172,264)	\$ -
Public safety	52,959,963	7,393,728	6,684,787	-	(38,881,448)	(38,881,448)	-
Transportation	19,314,775	1,696,657	-	6,159,183	(11,458,935)	(11,458,935)	-
Natural and economic environment	8,890,146	36,295	1,548,309	-	(7,305,542)	(7,305,542)	-
Social services	299,812	-	-	-	(299,812)	(299,812)	-
Culture and recreation	18,774,899	3,521,355	545,957	13,747	(14,693,840)	(14,693,840)	-
Interest on long-term debt	745,903	-	-	-	(745,903)	(745,903)	-
Total governmental activities	111,075,362	14,792,021	11,532,667	6,192,330	(78,557,744)	(78,557,744)	-
Business-Type Activities							
Water	22,915,547	28,840,430	234,553	871,143	-	7,030,579	-
Wastewater	21,022,170	25,649,680	4,417	470,501	-	5,102,428	5,102,428
Surface and stormwater	9,782,259	9,870,144	236,240	959,361	-	1,283,486	1,283,486
Solid waste	5,303,940	-	577	-	-	(5,303,363)	(5,303,363)
Cemetery	339,613	286,276	-	-	-	(53,337)	(53,337)
Golf course	1,110,470	999,203	-	-	-	(111,267)	(111,267)
Parking	3,395,219	2,173,553	-	-	-	(1,221,666)	(1,221,666)
Medic one	8,368,737	6,721,225	460,644	-	-	(1,186,868)	(1,186,868)
Development services	3,033,173	4,156,191	7,885	-	-	1,130,903	1,130,903
Total business-type activities	75,271,128	78,696,702	944,316	2,301,005	-	6,670,895	6,670,895
Total primary government	\$ 186,346,490	\$ 93,488,723	\$ 12,476,383	\$ 8,493,335	\$ (78,557,744)	\$ 6,670,895	\$ (71,886,849)
Component Unit							
Public Facilities District	\$ 1,266,812	\$ 16,470	\$ -	\$ -	\$ -	\$ -	\$ (1,250,342)
General revenues							
Taxes:							
Property	27,072,421					27,072,421	
Sales and use	37,918,673					37,918,673	1,677,130
Business	34,513,080					34,513,080	-
Real estate excise	4,063,836					4,063,836	-
Other	1,125,714					1,125,714	-
Investment income	5,014,538					5,014,538	-
Miscellaneous revenue	2,852,368					2,852,368	-
Transfers	2,151,174					2,151,174	-
Total general revenues and transfers	114,711,804					3,335,800	118,047,604
Change in net position	36,154,060					10,006,695	46,160,755
Net position - beginning	495,833,188					317,339,501	813,172,689
Prior period adjustment	13,805,560					81,722	13,887,282
Net position - ending	\$ 545,792,808					\$ 327,427,918	\$ 873,220,726
							\$ 8,347,266

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

CITY OF BELLINGHAM
Balance Sheet
Governmental Funds
December 31, 2019

	General	Nonmajor Governmental Fund Totals	Governmental Funds Total
ASSETS			
Cash and cash equivalents	\$ 22,141,188	\$ 8,682,463	\$ 30,823,651
Investments	87,730,572	33,603,107	121,333,679
Receivables, net	11,971,812	1,457,104	13,428,916
Due from other funds	121,922	67,684	189,606
Due from other governments	731,840	824,910	1,556,750
Due from component units	-	14,747,606	14,747,606
Interfund loans receivable	-	1,255,072	1,255,072
Prepaid items	51,720	-	51,720
Notes and contracts receivable	326,843	26,316,688	26,643,531
Total assets	123,075,897	86,954,634	210,030,531
LIABILITIES			
Accounts payable	2,557,909	1,290,395	3,848,304
Accrued wages and benefits	2,854,006	274,388	3,128,394
Due to other funds	-	31,342	31,342
Interfund loans payable	1,255,072	-	1,255,072
Due to other governments	4,293	-	4,293
Other liabilities	222,815	431	223,246
Unearned revenue	802,111	-	802,111
Total liabilities	7,696,206	1,596,556	9,292,762
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - fines	865,766	-	865,766
Unavailable revenue - aid fees	329,193	-	329,193
Total deferred inflows of resources	1,194,959	-	1,194,959

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

CITY OF BELLINGHAM
Balance Sheet
Governmental Funds
December 31, 2019

	General	Nonmajor Governmental Fund Totals	Governmental Funds Total
FUND BALANCES			
<i>Nonspendable:</i>			
Permanent funds principal	-	9,939,391	9,939,391
Prepaid items	51,720	-	51,720
<i>Restricted:</i>			
Affordable housing	326,843	34,273,098	34,599,941
Capital improvements	17,777,871	-	17,777,871
Debt service	-	17,408,511	17,408,511
Environmental remediation	-	2,505,384	2,505,384
Firefighter's OPEB	7,722,797	-	7,722,797
Firefighter's pension	7,458,194	-	7,458,194
Government access TV	-	918,830	918,830
Library projects	-	112,542	112,542
Park maintenance and improvements	19,499,927	-	19,499,927
Public safety dispatch	-	1,780,739	1,780,739
Public safety special purpose	-	353,540	353,540
Tourism	-	1,545,093	1,545,093
Transportation improvements	1,523,401	9,160,467	10,683,868
Waterfront redevelopment	-	7,360,483	7,360,483
<i>Committed:</i>			
Legal environmental remediation	1,101,404	-	1,101,404
Police officer's OPEB	4,812,476	-	4,812,476
Police officer's pension	4,696,949	-	4,696,949
<i>Assigned:</i>			
Public safety donations	4,342	-	4,342
Streets	10,505,369	-	10,505,369
Unassigned	38,703,439	-	38,703,439
Total fund balances	114,184,732	85,358,078	199,542,810
Total liabilities, deferred inflows of resources and fund balances	\$ 123,075,897	\$ 86,954,634	\$ 210,030,531

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, 2019

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

Total fund balance of governmental funds	\$ 199,542,810
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	388,979,746
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	493,666
Deferred loss on bond refunding	1,163,211
Pension asset	25,135,601
Deferred pension outflows	6,344,313
Unearned revenue	<u>1,194,959</u>
	34,331,750
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	37,509,843
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	(56,745)
Compensated absences	(6,127,206)
OPEB liability	(28,366,155)
Pension liability	(16,555,902)
Deferred OPEB inflows	(2,897,743)
Deferred pension inflows	(14,666,616)
Pollution remediation costs	(25,050,000)
GO bonds, loans, and notes payable	(19,199,979)
Premiums on long-term debt	<u>(1,650,995)</u>
	(114,571,341)
Net position of governmental activities	<u><u>\$ 545,792,808</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, 2019

	General	Nonmajor Governmental Funds	Governmental Funds Total
REVENUES			
Taxes:			
Property	\$ 23,011,772	\$ 4,060,649	\$ 27,072,421
Sales and use	28,051,318	9,076,838	37,128,156
Business	34,513,080	-	34,513,080
Real estate excise	4,063,836	-	4,063,836
Other	1,125,714	-	1,125,714
Licenses and permits	908,767	288,237	1,197,004
Intergovernmental revenue	11,158,033	5,169,416	16,327,449
Charges for services	8,682,494	4,255,622	12,938,116
Fines and penalties	644,224	-	644,224
Investment income	3,055,447	1,078,341	4,133,788
Miscellaneous revenues	952,689	1,736,036	2,688,725
Total revenues	116,167,374	25,665,139	141,832,513
EXPENDITURES			
Current:			
General government	9,527,154	-	9,527,154
Public safety	51,927,335	7,234,128	59,161,463
Transportation	10,023,257	3,006,319	13,029,576
Natural and economic environment	4,426,429	4,876,864	9,303,293
Social services	299,812	-	299,812
Cultural and recreation	17,197,200	53,149	17,250,349
Debt service:			
Principal	-	1,897,216	1,897,216
Interest and related charges	31,408	718,992	750,400
Capital outlay	10,384,544	4,928,722	15,313,266
Total expenditures	103,817,139	22,715,390	126,532,529
Revenues over (under) expenditures	12,350,235	2,949,749	15,299,984
OTHER FINANCING SOURCES (USES)			
Transfers in	436,144	1,290,304	1,726,448
Transfers out	(5,120,023)	(135,571)	(5,255,594)
Total other financing sources and (uses)	(4,683,879)	1,154,733	(3,529,146)
Net change in fund balances	7,666,356	4,104,482	11,770,838
Fund balances - beginning	79,722,396	81,253,596	160,975,992
Prior period adjustment	26,795,980	-	26,795,980
Fund balances - ending	\$ 114,184,732	\$ 85,358,078	\$ 199,542,810

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, 2019

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

Net change in fund balances - total governmental funds \$ 11,770,838

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.

Purchases	15,313,266
Depreciation	(10,609,132)
Contributions/donations	1,181,583
Abandonments	(436,851)
Retirements	(154,422)
Depreciation on retirements	<u>154,422</u>
	5,448,866

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	166,920
Deferred loss on bond refunding	(136,969)
Unearned revenue	<u>7,672</u>
	37,623

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.

8,109,845

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	4,497
Compensated absences	(282,897)
OPEB expense	4,513,980
Pension expense	4,448,666
GO bonds, loans, and notes payable	1,897,216
Premiums on long-term debt	<u>205,426</u>
	10,786,888
Change in net position of governmental activities	\$ 36,154,060

CITY OF BELLINGHAM
Statement of Net Position
Proprietary Funds
December 31, 2019

	Business-Type Activities - Enterprise Funds						Governmental Activities	
	Water	Wastewater	Surface and Stormwater	Solid Waste	Nonmajor Enterprise Fund Totals		Enterprise Fund Totals	Internal Service Funds
					Enterprise Fund Totals	Internal Service Funds		
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 5,130,624	\$ 7,694,124	\$ 1,496,574	\$ 1,161,546	\$ 2,148,253	\$ 17,631,121	\$ 5,412,182	
Investments	20,121,146	30,174,609	5,869,224	4,555,321	8,424,960	69,145,260	21,225,350	
Receivables, net	1,271,930	1,537,520	482,921	110,247	509,149	3,911,767	263,921	
Due from other funds	173,000	-	-	-	-	173,000	-	
Due from other governments	21	112,611	324,404	-	1,154,319	1,591,355	44,246	
Inventory	-	-	-	-	47,957	47,957	543,366	
Prepaid items	-	-	-	-	-	-	864,170	
Restricted cash and cash equivalents	70,851	280,411	-	10,764	-	362,026	1,925	
Restricted investments	277,860	1,099,705	-	42,213	-	1,419,778	7,552	
Total current assets	27,045,432	40,898,980	8,173,123	5,880,091	12,284,638	94,282,264	28,362,712	
Noncurrent assets:								
Restricted cash and cash equivalents	474,113	2,075,152	-	-	83,853	2,633,118	-	
Restricted investments	1,859,369	8,138,275	-	-	328,854	10,326,498	-	
Special assessments receivable	-	3,958	-	-	-	3,958	-	
Capital assets, nondepreciable:								
Land	38,135,562	3,925,297	4,857,811	-	1,521,635	48,440,305	40,102	
Construction in progress	158,261	1,397,973	1,573,164	-	-	3,129,398	1,305,820	
Intangibles - right of ways	-	118,769	87,342	-	-	206,111	-	
Capital assets, net of depreciation:								
Buildings	5,582,139	85,005,977	-	-	2,531,396	93,119,512	995,766	
Improvements	83,567,400	51,010,818	41,028,535	261,228	529,273	176,397,254	4,959,315	
Machinery and equipment	348,353	959,127	66,011	81,350	462,586	1,917,427	14,842,135	
Intangibles - software	-	-	-	-	-	-	166,247	
Net pension asset	-	-	-	-	986,927	986,927	-	
Total noncurrent assets	130,125,197	152,635,346	47,612,863	342,578	6,444,524	337,160,508	22,309,385	
Total assets	157,170,629	193,534,326	55,785,986	6,222,669	18,729,162	431,442,772	50,672,097	
DEFERRED OUTFLOWS OF RESOURCES								
Loss on refunding	224,275	-	-	170,949	-	395,224	-	
Related to pensions	172,595	166,078	93,805	6,925	262,713	702,116	407,659	
Total deferred outflows of resources	396,870	166,078	93,805	177,874	262,713	1,097,340	407,659	
LIABILITIES								
Current liabilities:								
Accounts payable	833,011	1,690,182	346,074	36,478	1,121,827	4,027,572	1,714,875	
Accrued wages and benefits	194,504	209,709	113,888	4,168	203,145	725,414	591,897	
Due to other funds	62,652	-	173,000	-	95,612	331,264	-	
Due to other governments	-	-	-	-	-	-	84,065	
Other current liabilities	20,939	3,400	51,954	-	118,724	195,017	729,274	
Unearned revenue	-	-	-	-	-	-	30,000	
Current portion of noncurrent liabilities:								
Bonds payable, net	707,000	710,000	-	520,000	-	1,937,000	-	
Compensated absences	269,556	245,773	107,021	9,341	357,102	988,793	510,042	
Intergovernmental loans	817,090	-	667,232	-	-	1,484,322	-	
Claims and judgments payable	-	-	-	-	-	-	763,006	
Pollution remediation obligation	-	-	-	1,020,686	-	1,020,686	-	
Total current liabilities	2,904,752	2,859,064	1,459,169	1,590,673	1,896,410	10,710,068	4,423,159	

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

CITY OF BELLINGHAM
Statement of Net Position
Proprietary Funds
December 31, 2019

	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	4,080,145	56,040,346	-	3,103,327	-	63,223,818	6,100,000
Compensated absences	33,358	12,915	13,189	-	4,165	63,627	63,518
Intergovernmental loans	10,211,861	305,017	3,442,484	-	-	13,959,362	-
Claims and judgments payable	-	-	-	-	-	-	325,000
Pollution remediation obligation	-	-	-	13,381,721	-	13,381,721	-
Other noncurrent liabilities	-	-	-	-	-	-	305,000
Net pension liability	632,214	608,341	343,607	25,365	583,278	2,192,805	1,493,242
Total noncurrent liabilities	14,957,578	56,966,619	3,799,280	16,510,413	587,443	92,821,333	8,286,760
Total liabilities	17,862,330	59,825,683	5,258,449	18,101,086	2,483,853	103,531,401	12,709,919
DEFERRED INFLOWS OF RESOURCES							
Related to pensions	364,107	350,358	197,891	14,608	653,829	1,580,793	859,993
Total deferred inflows of resources	364,107	350,358	197,891	14,608	653,829	1,580,793	859,993
NET POSITION							
Net investment in capital assets	112,132,702	86,238,057	43,503,146	342,578	5,044,890	247,261,373	22,301,302
Restricted:							-
Debt service	614,140	5,316,343	-	-	-	5,930,483	-
Capital improvements	2,068,053	6,277,198	-	-	-	8,345,251	-
Cemetery endowment / preneed	-	-	-	-	336,037	336,037	-
Pension asset	-	-	-	-	986,927	986,927	-
Rental property inspections	-	-	-	-	480,234	480,234	-
Unrestricted	24,526,167	35,692,765	6,920,305	(12,057,729)	9,006,105	64,087,613	15,208,542
Total net position	\$ 139,341,062	\$ 133,524,363	\$ 50,423,451	\$ (11,715,151)	\$ 15,854,193	\$ 327,427,918	\$ 37,509,844

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, 2019

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	\$ -	\$ -	\$ -	\$ -	\$ 348,409	\$ 348,409	\$ 2,278,463	
Less: Cost of goods sold	-	-	-	-	(170,620)	(170,620)	(1,102,199)	
Charges for services	28,840,430	25,649,680	9,870,144	-	14,158,659	78,518,913	24,844,331	
Total operating revenues	28,840,430	25,649,680	9,870,144	-	14,336,448	78,696,702	26,020,595	
Operating expenses:								
Labor	4,480,496	4,348,377	2,502,700	177,560	8,667,818	20,176,951	10,641,896	
Supplies	1,572,221	1,394,293	385,690	4,686	1,179,880	4,536,770	2,679,038	
Services	7,382,500	5,019,879	4,255,609	698,251	5,124,858	22,481,097	7,587,550	
Depreciation	2,987,807	4,320,297	1,349,159	18,725	335,660	9,011,648	2,059,317	
Taxes	6,084,451	3,391,523	1,179,634	-	37,849	10,693,457	2,194	
Insurance	94,239	63,617	25,566	1,002	44,307	228,731	741,545	
Claims	-	-	-	-	-	-	1,475,923	
Total operating expenses	22,601,714	18,537,986	9,698,358	900,224	15,390,372	67,128,654	25,187,463	
Operating income (loss)	6,238,716	7,111,694	171,786	(900,224)	(1,053,924)	11,568,048	833,132	
Nonoperating revenues (expenses):								
External operating grants and subsidies	234,553	4,417	236,240	577	468,529	944,316	221,570	
Operating assessments and tax levies	-	-	-	1,582,043	867,972	2,450,015	790,517	
Investment interest	434,153	773,623	133,418	101,514	189,602	1,632,310	388,885	
Net incr (decr) in fair value of investments	317,092	560,769	86,211	79,922	150,106	1,194,100	324,946	
Interest expense and related charges	(313,833)	(2,484,184)	(83,901)	(123,039)	-	(3,004,957)	(332,030)	
Gain (loss) on sale of capital assets	-	-	-	-	-	-	38,864	
Other nonoperating revenues	167,446	33,821	23	3,953	5,306	210,549	163,643	
Other nonoperating expenses	-	-	-	(4,280,677)	(856,840)	(5,137,517)	-	
Total nonoperating revenues (expenses)	839,411	(1,111,554)	371,991	(2,635,707)	824,675	(1,711,184)	1,596,395	
Income (loss) before contributions and transfers	7,078,127	6,000,140	543,777	(3,535,931)	(229,249)	9,856,864	2,429,527	
Capital grants and contributions	871,143	470,501	959,361	-	-	2,301,005	-	
Transfers in	-	510,000	500,000	-	84,000	1,094,000	6,495,319	
Transfers out	(916,008)	(400,000)	(1,048,166)	(700,000)	(181,000)	(3,245,174)	(815,000)	
Change in net position	7,033,262	6,580,641	954,972	(4,235,931)	(326,249)	10,006,695	8,109,846	
Net position - beginning	132,307,800	126,943,722	49,468,479	(7,560,942)	16,180,442	317,339,501	29,399,998	
Prior period adjustment	-	-	-	81,722	-	81,722	-	
Net position - ending	\$ 139,341,062	\$ 133,524,363	\$ 50,423,451	\$ (11,715,151)	\$ 15,854,193	\$ 327,427,918	\$ 37,509,844	

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, 2019

	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	\$ 29,180,299	\$ 25,688,956	\$ 10,082,839	\$ -	\$ 13,650,068	\$ 78,602,162	\$ 177,383
Receipts from interfund services provided	131,605	51,743	256,369	-	-	439,717	41,269,759
Payments to employees	(4,777,538)	(4,639,330)	(2,567,527)	(190,519)	(8,992,223)	(21,167,137)	(11,337,887)
Payments to suppliers and service providers	(12,594,850)	(7,193,027)	(2,783,920)	(336,808)	(3,281,291)	(26,189,896)	(22,128,158)
Payments to claimants	-	-	-	-	-	-	(1,765,921)
Payments for interfund services used	(4,026,007)	(2,520,615)	(3,771,869)	(371,191)	(2,668,155)	(13,357,837)	(3,703,962)
Other receipts	167,446	33,568	23	-	5,306	206,343	164,108
Other payments	-	-	-	-	(24)	(24)	-
Net cash from operating activities	8,080,955	11,421,295	1,215,915	(898,518)	(1,286,319)	18,533,328	2,675,322
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers in from other funds	-	510,000	-	-	84,000	594,000	4,965,000
Transfers out to other funds	(900,000)	(400,000)	(400,000)	(700,000)	(181,000)	(2,581,000)	(815,000)
Proceeds from issuance of operating bonds	-	-	-	-	-	-	-
Operating grants and loans	542,119	4,417	236,240	577	426,168	1,209,521	217,339
Principal payments on operating debt	-	-	-	(495,000)	-	(495,000)	-
Interest payments on operating debt	-	-	-	(125,154)	-	(125,154)	(332,030)
Excise tax receipts	-	-	-	1,572,223	856,816	2,429,039	780,890
Taxes passed to other governments	-	-	-	-	(856,816)	(856,816)	-
Net cash from noncapital financing activities	(357,881)	114,417	(163,760)	252,646	329,168	174,590	4,816,199
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES							
Transfers in from other funds	-	-	500,000	-	-	500,000	600,000
Local improvement district proceeds	-	2,253	-	-	-	2,253	-
Proceeds from issuance of capital bonds	-	-	-	-	-	-	-
Intergovernmental loan proceeds	1,188,000	178,567	13,766	-	-	1,380,333	-
Capital grants and loans	-	-	626,766	-	-	626,766	-
Contributions from developers	-	-	289,478	-	-	289,478	-
Principal payments on capital debt	(1,410,890)	(695,000)	(657,926)	-	-	(2,763,816)	-
Interest payments on capital debt	(300,519)	(2,623,937)	(83,901)	-	-	(3,008,357)	-
Purchases of capital assets	(3,328,653)	(1,393,094)	(979,039)	-	(84,856)	(5,785,642)	(6,739,285)
Sale of capital assets	-	-	-	-	-	-	133,501
Net cash from capital financing activities	(3,852,062)	(4,531,211)	(290,856)	-	(84,856)	(8,758,985)	(6,005,784)
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sales and maturity of investments	8,252,622	14,560,872	2,368,576	2,773,128	5,140,211	33,095,409	11,961,580
Purchase of investments	(12,811,835)	(22,685,737)	(3,378,303)	(2,646,326)	(5,051,994)	(46,574,195)	(14,646,992)
Interfund loan payments received	-	-	-	-	-	-	-
Interfund loans issued	-	-	-	-	-	-	-
Interest and dividends received	410,538	731,612	127,922	100,696	187,465	1,558,233	372,671
Net cash from investment activities	(4,148,675)	(7,393,253)	(881,805)	227,498	275,682	(11,920,553)	(2,312,741)
Net increase (decrease) in cash and equivalents	(277,663)	(388,752)	(120,506)	(418,374)	(766,325)	(1,971,620)	(827,004)
Cash and cash equivalents - beginning of year	5,953,251	10,438,439	1,617,080	1,590,684	2,998,431	22,597,885	6,241,111
Cash and cash equivalents - end of year	\$ 5,675,588	\$ 10,049,687	\$ 1,496,574	\$ 1,172,310	\$ 2,232,106	\$ 20,626,265	\$ 5,414,107

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, 2019

	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)	\$ 6,238,716	\$ 7,111,694	\$ 171,786	\$ (900,224)	(1,053,924)	\$ 11,568,048	\$ 833,132
<i>Adjustments to reconcile operating income (loss) to net cash from operating activities:</i>							
Depreciation	2,987,807	4,320,297	1,349,159	18,725	335,660	9,011,648	2,059,317
Pension expense - proportionate share	(285,438)	(262,291)	(36,964)	(15,451)	(354,486)	(954,630)	(687,813)
Fleet donations	(16,008)	-	(648,166)	-	-	(664,174)	24,462
Miscellaneous income	167,446	33,568	23	-	5,306	206,343	164,108
Miscellaneous expenses	-	-	-	-	(24)	(24)	-
(Increase) decrease in accounts receivable	513,951	39,276	36,504	-	71,699	661,430	(25,537)
(Increase) decrease in due from other funds	(171,392)	-	-	-	95,612	(75,780)	-
(Increase) decrease in due from other governments	-	-	-	-	(1,011,973)	(1,011,973)	(35,003)
(Increase) decrease in inventories	-	-	-	-	(47,957)	(47,957)	16,041
(Increase) decrease in prepaid items	-	-	-	-	-	-	(798,040)
Increase (decrease) in accounts payable	(1,428,153)	203,378	122,816	(301)	637,740	(464,520)	643,752
Increase (decrease) in wages and benefits payable	22,796	(27,076)	43,090	2,492	43,676	84,978	18,569
Increase (decrease) in revenues collected in advance	(15,694)	-	-	-	5,230	(10,464)	3,618
Increase (decrease) in due to other funds	62,652	(1,608)	172,042	-	-	233,086	-
Increase (decrease) in due to other governments	-	-	-	-	-	-	79,962
Increase (decrease) in other current liabilities	-	1,400	2,464	-	718	4,582	303,940
Increase (decrease) in other long-term liabilities	4,272	2,657	3,161	(3,759)	(13,596)	(7,265)	74,814
Total Adjustments	1,842,239	4,309,601	1,044,129	1,706	(232,395)	6,965,280	1,842,190
Net cash from operating activities	\$ 8,080,955	\$ 11,421,295	\$ 1,215,915	\$ (898,518)	\$ (1,286,319)	\$ 18,533,328	\$ 2,675,322
Schedule of noncash activities:							
Net change in fair value of investments	317,092	560,769	86,211	79,922	150,106	1,194,100	324,946
Contributions from developers	871,143	470,501	204,547	-	-	1,546,191	-
Fleet donations	-	-	-	-	-	-	930,319

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

CITY OF BELLINGHAM
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2019

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 114,825
Leasehold tax receivable	1,163
Total assets	<u>115,988</u>
LIABILITIES	
Due to other governments	115,988
Total liabilities	<u>\$ 115,988</u>
NET POSITION	
Restricted for other governments	-
Total net position	<u>\$ -</u>

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
December 31, 2019

	Custodial Funds
ADDITIONS	
School impact fee collections	485,470
Court shared revenue collections	626,570
Leasehold tax collections	67,062
Total additions	1,179,102
DEDUCTIONS	
Credit card fees paid	875
School impact fee remittances	484,595
Court shared revenue remittances	626,570
Leasehold tax remittances	67,062
Total deductions	1,179,102
Change in net position	-
Net position - beginning	-
Net position - ending	\$ -

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



CITY OF BELLINGHAM
Notes to the Basic Financial Statements
December 31, 2019
Index to the Notes

1. Summary of significant accounting policies	43
2. Stewardship, compliance and accountability	52
3. Deposits and investments	54
4. Receivables	56
5. Property taxes	57
6. Capital assets	58
7. Interfund receivables, payables and transfers	61
8. Operating leases	62
9. Capital construction commitments	63
10. Long-term debt	64
11. Restricted component of net position	70
12. Risk management	71
13. Contingencies	74
14. Pollution remediation obligations	74
15. Interlocal agreements	77
16. Endowments	78
17. Pension plans	80
18. Other post-employment benefits (OPEB)	96
19. Tax abatements	102
20. Closed funds	102
21. Implementation of Governmental Accounting Standards Board (GASB) pronouncements	103
22. Prior period adjustments	103
23. Subsequent events	104

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 wastewater 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 unit, an entity 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 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, several additional former special revenue funds were reported in the *General fund* to comply with GASB Statement No. 54. In 2019, the two former fiduciary pension funds are also reported in the *General fund* to comply with GASB Statement No. 84. As of 2019, there are a total of nine 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 and fiduciary 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 wastewater 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.

Fiduciary 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. Custodial 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 custodial funds have 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	10,000	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 net position of the City of Bellingham Firefighters' (FHC), City of Bellingham Police Officers' (PHC) healthcare plans', and additions to/deductions from the plans' 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 Wastewater 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 its 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 nine subsidiary 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, 2019, the following funds reported deficits in fund balance or fund equity:

Fund 440 – The Solid Waste fund has a deficit net position of \$11.7 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 \$3.6 million on December 31, 2019. 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 \$14.4 million on December 31, 2019. 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 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 \$787 thousand. 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 on December 31, 2019.

Fund 570 – The Public Works Administration and Engineering fund has a deficit net position of \$14 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 2016-2019, 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 \$726 thousand on December 31, 2019. This liability is a result of GASB 68's implementation and has been allocated to this fund based on the employees who are home-funded here.

C. Excess of expenditures over appropriations

As of December 31, 2019, 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, 2019 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, 2019

Fair value hierarchy

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)	\$ 36,701,158	\$ 36,701,158	\$ -	\$ -	-	unrated
Deposits	20,717,865	20,717,865	-	-	-	unrated
Total cash and cash equivalents	57,419,023	57,419,023	-	-	-	
Investments at fair value						
U.S. Government Sponsored Agency Securities (implicitly guaranteed):						
Farmer MAC (FMAC)	15,002,745	4,998,575	-	10,004,170	6.66%	Aaa
Federal Farm Credit Bank (FFCB)	37,618,785	-	2,513,065	35,105,720	16.71%	Aaa
Federal Home Loan Bank (FHLB)	63,197,514	-	12,429,386	50,768,128	28.06%	Aaa
Federal Home Loan Mortgage Corp. (FHLMC)	37,431,705	-	-	37,431,705	16.62%	Aaa
Federal National Mortgage Association (FNMA)	46,042,647	-	12,983,304	33,059,343	20.45%	Aaa
Municipal Bonds:						
Oregon State School Boards Association	2,560,175	2,560,175	-	-	1.14%	Aa1
Travis County Texas GO LTD	2,971,830	-	2,971,830	-	1.32%	Aaa
Oregon State GO	501,245	-	501,245	-	0.22%	Aa1
WA State GO Bond	4,984,050	-	4,984,050	-	2.21%	Aa1
New York City Taxable GO Bonds	4,995,850	-	-	4,995,850	2.22%	Aa1
Resolution Funding STRIPS	4,760,991	-	-	4,760,991	2.11%	Aaa
Tulsa CO ISD #5	5,116,850	-	-	5,116,850	2.27%	Aa2
Total investments at fair value	225,184,387	7,558,750	36,382,880	181,242,757	100.00%	
Total deposits and investments	\$ 282,603,410	\$ 64,977,773	\$ 36,382,880	\$ 181,242,757		
<i>Less:</i>						
Fiduciary fund deposits and investments	(114,825)					
Statement of net position total	\$ 282,488,585					

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)	\$ 281,352
Deposits	158,823
Total cash and cash equivalents	440,175
Investments at fair value	
U.S. Government Sponsored Agency Securities	1,635,838
Municipal Bonds	90,432
Total investments	1,726,270
Total deposits and investments	\$ 2,166,445

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 active markets for identical assets.
- Level 2 inputs: quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.

- Level 3 inputs: unobservable inputs for an asset or liability.

Fair value hierarchy at December 31, 2019

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	\$ -	\$ 199,293,396	\$ -	\$ 199,293,396
Municipal Bonds	- -	25,890,991	- -	25,890,991
Local Government Investment Pool (LGIP)	- -	36,701,158	- -	36,701,158
Total investments by fair value level	\$ -	\$ 261,885,545	\$ -	\$ 261,885,545

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, 2019

Governmental funds	Nonmajor	
	General	governmental
Taxes	\$ 5,408,927	\$ 1,405,338
Accounts	18,559,477	51,766
Gross receivables	23,968,404	1,457,104
Less: allowance for uncollectible	(11,996,592)	-
Total governmental	\$ 11,971,812	\$ 1,457,104

Proprietary funds	Nonmajor						
	Water	Waste water	Surface & stormwater	Solid waste	Nonmajor enterprise	Internal service	
Interest	\$ 90,561	\$ 160,356	\$ 23,880	\$ 18,706	\$ 35,616	\$ 86,389	
Taxes	- -	- -	- -	- -	155,127	143,585	
Accounts	1,181,369	1,377,164	459,041	91,541	1,559,260	33,947	
Gross receivables	1,271,930	1,537,520	482,921	110,247	1,750,003	263,921	
Less: allowance for uncollectible	- -	- -	- -	- -	(1,240,854)	- -	
Total business-type	\$ 1,271,930	\$ 1,537,520	\$ 482,921	\$ 110,247	\$ 509,149	\$ 263,921	

Fiduciary funds	Guaranty	
	Deposit	
Accounts	\$ 1,163	
Total fiduciary	\$ 1,163	

5. Property taxes

The Whatcom County Treasurer collects 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 84.52.043, limit the regular levy rate to 1% of the total fair market value within the district and a combined \$5.90/1000 of other local regular levies. If the \$5.90 limit is exceeded, then levies will be prorated in a prearranged order per RCW 84.52.010.

State law authorizes the City to levy up to \$3.60/\$1,000 of assessed value for general governmental services, plus an additional \$.225/\$1,000 for the fire fighter's pension fund.

The total assessed valuation of the City of Bellingham for 2019 was \$12,187,330,648. The City's regular levy rate was \$1.462/\$1,000, for a total regular levy of \$17,819,871.

Special levies approved by the voters are not subject to the same statutory limitations. For 2019, voters authorized an additional special levy rate of \$.745/\$1,000, totaling \$9,080,468.

Property tax levies 2019

Purpose of Levy	Type	Rate/\$1,000	Tax
General fund	regular levy	1.2527868875	\$ 15,268,128
Fire pension	regular levy	0.2047964458	2,495,922
New What RDA LIFT	regular levy	0.0045802458	55,821
Total regular levy		1.4621635791	17,819,871
Affordable Housing	special levy	0.3282096888	4,000,000
Greenways IV - parks	special levy	0.4168647054	5,080,468
Total special levy		0.7450743942	9,080,468
Total Levy		2.2072379733	\$ 26,900,339

6. Capital assets

Capital asset activity for the year ended December 31, 2019, is summarized as follows:

Primary government				
Governmental activities	Beginning balance 1/1/2019	Additions	Reductions	Ending balance 12/31/2019
Capital assets not being depreciated:				
Land	\$ 85,488,948	\$ -	\$ -	\$ 85,488,948
Improvements	17,614,900	-	-	17,614,900
Construction in progress	6,535,288	11,051,237	(1,880,527)	15,705,998
Intangibles - right of ways	58,986,689	5,265	-	58,991,954
Total capital assets, not being depreciated/amortized	168,625,825	11,056,502	(1,880,527)	177,801,800
Capital assets being depreciated/amortized:				
Buildings	47,024,861	-	-	47,024,861
Improvements other than buildings	324,502,336	10,255,032	-	334,757,368
Machinery and equipment	32,457,233	4,272,132	(745,435)	35,983,930
Intangibles - software	4,621,465	-	-	4,621,465
Total capital assets being depreciated/amortized	408,605,895	14,527,164	(745,435)	422,387,624
Less accumulated depreciation/amortization for:				
Buildings	(21,945,323)	(904,644)	-	(22,849,967)
Improvements other than buildings	(134,867,014)	(9,001,604)	-	(143,868,618)
Machinery and equipment	(16,981,565)	(2,464,033)	650,798	(18,794,800)
Intangibles - software	(3,088,736)	(298,169)	-	(3,386,905)
Total accumulated depreciation/amortization	(176,882,638)	(12,668,450)	650,798	(188,900,290)
Total capital assets, being depreciated/amortized, net	231,723,257	1,858,714	(94,637)	233,487,334
Governmental activities capital assets, net	\$ 400,349,082	\$ 12,915,216	\$ (1,975,164)	\$ 411,289,134

Business-type activities	Beginning balance 1/1/2019	Additions	Reductions	Ending balance 12/31/2019
Capital assets not depreciated/amortized:				
Land	\$ 47,047,593	\$ 1,392,712	\$ -	\$ 48,440,305
Construction in progress	1,354,914	2,332,390	(557,906)	3,129,398
Intangibles - right of ways	206,111	-	-	206,111
Total capital assets, not being depreciated/amortized	48,608,618	3,725,102	(557,906)	51,775,814
Capital assets depreciated/amortized:				
Buildings	156,379,316	-	-	156,379,316
Improvements other than buildings	290,098,530	4,066,952	(14,099)	294,151,383
Machinery and equipment	6,316,947	97,687	-	6,414,634
Intangibles - software	284,325	-	-	284,325
Total capital assets, being depreciated/amortized	453,079,118	4,164,639	(14,099)	457,229,658
Less accumulated depreciation/amortization for:				
Buildings	(60,462,769)	(2,797,035)	-	(63,259,804)
Improvements other than buildings	(111,969,778)	(5,798,450)	14,099	(117,754,129)
Machinery and equipment	(4,081,044)	(416,163)	-	(4,497,207)
Intangibles - software	(284,325)	-	-	(284,325)
Total accumulated depreciation/amortization	(176,797,916)	(9,011,648)	14,099	(185,795,465)
Total capital assets, being depreciated/amortized, net	276,281,202	(4,847,009)	-	271,434,193
Business-type activities capital assets, net	<u>\$ 324,889,820</u>	<u>\$ (1,121,907)</u>	<u>\$ (557,906)</u>	<u>\$ 323,210,007</u>

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

Governmental activities	
General governmental	\$ 255,135
Public safety	979,308
Transportation	7,156,226
Cultural and recreational	2,152,478
Economic environment	65,986
Internal service fund capital assets are charged to various functions based on the usage of the assets	2,059,317
Total depreciation expense - governmental activities	<u>\$ 12,668,450</u>
Business-type activities	
Cemetery	\$ 2,940
Water	2,987,807
Wastewater	4,320,297
Storm and surface water	1,349,159
Solid waste	18,725
Golf	48,695
Parking	123,925
Medic one	160,100
Total depreciation expense - business-type activities	<u>\$ 9,011,648</u>

Capital asset activity for the year ended December 31, 2019, is summarized as follows:

Discretely presented component unit					
Bellingham-Whatcom Public Facility District	Beginning balance 1/1/2019	Additions	Reductions	Ending balance 12/31/2019	
Capital assets not depreciated:					
Land	\$ 1,329,860	\$ -	\$ -	\$ 1,329,860	
Total capital assets, not being depreciated/amortized	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	
To Total capital assets being depreciated/amortized	28,164,688	-	-	28,164,688	
Less accumulated depreciation for:					
Buildings	(5,881,443)	(329,015)	-	(6,210,458)	
Improvements other than buildings	(2,881,830)	(276,854)	-	(3,158,684)	
To Total accumulated depreciation/amortization	(8,763,273)	(605,869)	-	(9,369,142)	
Total capital assets, being depreciated/amortized, net	19,401,415	(605,869)	-	18,795,546	
Public Facilities District capital assets, net	\$ 20,731,275	\$ (605,869)	\$ -	\$ 20,125,406	

7. Interfund receivables, payables and transfers

Loans between funds are classified as interfund loans receivable and payable on the statement of net position. All loans between funds must be authorized by City Council 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, 2019				
	Interfund loans receivable	Interfund loans payable	Due from other funds	Due to other funds
General	\$ -	\$ 1,255,072	\$ 121,922	\$ -
Nonmajor governmental	1,255,072	-	67,684	31,342
Water	-	-	173,000	62,652
Surface and stormwater	-	-	-	173,000
Nonmajor enterprise	-	-	-	95,612
Total government-wide	\$ 1,255,072	\$ 1,255,072	\$ 362,606	\$ 362,606

Internal balances between governmental activities and business type activities \$ 158,264

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 \$1,255,072 remaining on this loan at year-end, and of that amount an estimated \$743,311 will not be repaid in 2020.

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, 2019

	Transfers Out										
	Transfers In	Nonmajor			Surface & Stormwater			Solid Waste		Nonmajor Enterprise	Internal Service
		General	Governmental	Water	Wastewater	Stormwater					
General	\$ 436,144	\$ (300,573)	\$ (135,571)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Nonmajor Governmental	1,290,305	(690,305)	-	-	-	-	-	(600,000)	-	-	
Wastewater	510,000	(429,000)	-	-	-	-	-	-	(81,000)	-	
Surface & Stormwater	500,000	-	-	(500,000)	-	-	-	-	-	-	
Nonmajor Enterprise	84,000	(84,000)	-	-	-	-	-	-	-	-	
Internal Service	6,495,319	(3,616,145)	-	(416,008)	(400,000)	(1,048,166)	(100,000)	(100,000)	(815,000)		
Total	\$ 9,315,767	\$ (5,120,022)	\$ (135,571)	\$ (916,008)	\$ (400,000)	\$ (1,048,166)	\$ (700,000)	\$ (181,000)	\$ (815,000)		

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. Operating lease expenditures for 2019 totaled \$555,674. The future minimum lease payments for non-cancelable leases are as follows:

Future minimum lease payments at December 31, 2019

2020	\$ 422,189
2021	192,671
2022	131,146
2023	119,139
2024	102,703
Total	\$ 967,848

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, 2019

	Spent to date	Remaining commitment
Street projects	\$ 9,141,875	\$ 3,448,867
Parks projects	5,258,303	553,902
Water projects	158,262	2,028,596
Wastewater projects	1,397,973	1,268,240
Stormwater projects	1,573,164	389,394
	\$ 17,529,577	\$ 7,688,999

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

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, 2019

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%	7,175,000
16 LTGO Rfdg of 07 PFD bond A Museum/Theater	8,815,000	04/20/16	12/01/27	.60 - 4.00%	8,665,000
Total governmental activities	29,665,000				21,940,000
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%	275,000
Total business-type activities	5,450,000				3,445,000
Total general obligation bonds outstanding	\$ 35,115,000				\$ 25,385,000

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
2020	\$ 1,460,000	\$ 878,755	\$ 2,338,755	\$ 520,000	\$ 113,374	\$ 633,374
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	2,030,000	636,405	2,666,405	605,000	49,400	654,400
2025-2028	13,250,000	801,080	14,051,080	630,000	25,200	655,200
Total	\$ 21,940,000	\$ 4,627,755	\$ 26,567,755	\$ 3,445,000	\$ 437,424	\$ 3,882,424

As of December 31, 2019, the City has \$3,787,365 available in debt service funds and \$9,450 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 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, 2019

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%	\$ 38,485,000
12 Water/Sewer Rfdg 04 bond system imprvmts	3,275,000	03/29/12	08/01/24	2.00 - 4.00%	1,820,000
13 Water/Sewer system improvements	15,785,000	08/27/13	08/01/43	4.25 - 5.00%	15,570,000
15 Water/Sewer Rfdg 06 bond system imprvmts	4,035,000	11/10/15	08/01/26	2.17%	2,861,000
Total revenue bonds outstanding	<u>\$ 65,750,000</u>				<u>\$ 58,736,000</u>

Revenue bond annual debt service requirements to maturity

Year ending December 31	Business-type activities			Total requirements
	Principal	Interest		
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	1,636,000	2,503,762		4,139,762
2025-2029	9,334,000	11,465,201		20,799,201
2030-2034	11,855,000	9,017,063		20,872,063
2035-2039	15,040,000	5,826,313		20,866,313
2040-2043	14,890,000	1,804,016		16,694,016
Total	<u>\$ 58,736,000</u>	<u>\$ 41,188,311</u>		<u>\$ 99,924,311</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 \$99,924,311. Principal and interest expense for the current year and total net available income were \$4,115,862 and \$29,098,795, 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, 2019 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

7.07%. 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, 2019

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%	\$ 48,471
Total notes payable outstanding	<u>\$ 225,000</u>				<u>\$ 48,471</u>

Notes payable annual debt service requirements to maturity

Year ending December 31	Governmental activities		
	Principal	Interest	Total requirement
2020	\$ 15,047	\$ 2,916	\$ 17,963
2021	16,135	1,829	17,964
2022	17,289	662	17,951
Total	<u>\$ 48,471</u>	<u>\$ 5,407</u>	<u>\$ 53,878</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 though 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 fund* is repaying five DOE loans and one EDI loan. The *Wastewater fund* will be repaying one DOE loan.

Government loan debt outstanding December 31, 2019					
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%	\$ 473,805
2014 WA State COP - Six Ambulances	867,507	08/28/14	06/01/24	2.13%	487,703
2015 WA State COP - LED Lights	3,205,000	09/24/15	12/01/27	2.70%	2,350,000
Total governmental activities	7,047,507				3,311,508
Business-type activities					
PWTF Water Main Replacement	1,938,000	07/25/02	07/01/22	0.50%	306,850
DOH Water Pre-treatment Plant	10,652,884	05/27/15	10/01/34	1.50%	10,722,100
EDI North End Regional Stormwater Facility	1,675,000	12/18/15	12/18/22	1.00%	732,167
DOE L1200033 Padden Creek Daylighting	1,426,000	05/10/13	12/31/36	2.60%	1,224,436
DOE L1300017 Squalicum Crk Reroute Ph I	528,632	07/01/15	12/31/36	2.70%	469,795
DOE L1400010 Squalicum Crk Reroute Ph II	543,536	07/01/15	12/31/36	2.30%	487,385
DOE L1400025 Texas/Columbia Storm Mains	1,414,000	12/31/14	12/31/23	1.10%	1,102,644
DOE EL160594 Squalicum Crk Reroute Ph III	93,289	11/09/16	12/31/38	2.40%	93,289
DOE EL190008 Roeder Lift Station Imprv	305,017	06/01/18	10/01/40	1.50%	305,017
Total business-type activities	18,576,358				15,443,683
Total governmental loans outstanding	<u>\$ 25,623,865</u>				<u>\$ 18,755,191</u>

Government loan annual debt service requirements to maturity						
Year ending December 31	Governmental activities			Business-type activities		
	Principal	Interest	Total	Principal	Interest	Total requirements
2020	\$ 495,971	\$ 121,560	\$ 617,531	\$ 1,484,322	\$ 236,961	\$ 1,721,283
2021	515,486	103,755	619,241	1,493,911	225,372	1,719,283
2022	530,232	84,969	615,201	1,529,331	211,887	1,741,218
2023	392,287	65,440	457,727	1,015,621	199,639	1,215,260
2024	402,532	53,307	455,839	873,790	167,262	1,041,052
2025-2029	975,000	66,706	1,041,706	4,342,907	617,761	4,960,668
2030-2034	-	-	-	4,403,419	253,298	4,656,717
2035-2039	-	-	-	282,121	29,689	311,810
2040	-	-	-	18,261	207	18,468
Total	<u>\$ 3,311,508</u>	<u>\$ 495,737</u>	<u>\$ 3,807,245</u>	<u>\$ 15,443,683</u>	<u>\$ 1,942,076</u>	<u>\$ 17,385,759</u>

The following table is a summary of the changes in long-term liabilities for the year ended December 31, 2019. 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, 2019

Debt type	Beginning balance	Additions	Reductions	Ending balance	Due in ≤ 1 year	Due in > 1 year
Governmental activities						
Bonds payable						
General obligation bonds	\$ 17,190,000	\$ -	\$ (1,350,000)	\$ 15,840,000	\$ 1,460,000	\$ 14,380,000
Premium	1,534,916	-	(163,619)	1,371,297	-	1,371,297
Taxable energy conservation bonds	6,100,000	-	-	6,100,000	-	6,100,000
Total bonds payable	24,824,916	-	(1,513,619)	23,311,297	1,460,000	21,851,297
Government loans	3,844,691	-	(533,183)	3,311,508	495,971	2,815,537
Premium	321,505	-	(41,807)	279,698	-	279,698
Total government loans	4,166,196	-	(574,990)	3,591,206	495,971	3,095,235
Notes payable	62,504	-	(14,033)	48,471	15,047	33,424
Claims and litigation	951,382	923,842	(787,218)	1,088,006	763,006	325,000
Pollution remediation obligation	25,050,000	-	-	25,050,000	-	25,050,000
Net pension liability, state	14,866,823	-	(3,166,672)	11,700,151	-	11,700,151
OPEB liability	32,490,694	-	(4,124,539)	28,366,155	-	28,366,155
Total pension liability, local	6,221,967	127,026	-	6,348,993	-	6,348,993
Compensated absences	6,478,873	372,904	(151,011)	6,700,766	5,651,846	1,048,920
Governmental activities						
long-term liabilities	\$115,113,355	\$ 1,423,772	\$ (10,332,082)	\$106,205,045	\$ 8,385,870	\$ 97,819,175
 Business-type activities						
Bonds payable						
Revenue bonds	\$ 60,104,000	\$ -	\$ (1,368,000)	\$ 58,736,000	\$ 1,417,000	\$ 57,319,000
Premium	2,949,993	-	(148,502)	2,801,491	-	2,801,491
Total revenue bonds	63,053,993	-	(1,516,502)	61,537,491	1,417,000	60,120,491
General obligation bonds	3,940,000	-	(495,000)	3,445,000	520,000	2,925,000
Premium	208,048	-	(29,721)	178,327	-	178,327
Total general obligation bonds	4,148,048	-	(524,721)	3,623,327	520,000	3,103,327
Total bonds payable	67,202,041	-	(2,041,223)	65,160,818	1,937,000	63,223,818
Government loans	15,345,888	1,493,611	(1,395,815)	15,443,684	1,484,322	13,959,362
Pollution remediation obligation	10,129,442	4,277,836	(4,871)	14,402,407	1,020,686	13,381,721
Net pension liability, state	3,054,007	-	(861,202)	2,192,805	-	2,192,805
Compensated absences	1,020,773	82,189	(50,542)	1,052,420	988,793	63,627
Total business-type activities						
long-term liabilities	\$ 96,752,151	\$ 5,853,636	\$ (4,353,653)	\$ 98,252,134	\$ 5,430,801	\$ 92,821,333

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 \$63,518 and short-term liabilities of \$510,042 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 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 construction cost of 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, 2019					
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%	\$ 4,955,382
08 Museum Construction	2,800,000	12/31/08	12/31/27	3.25%	1,127,225
16 LTGO Rfdg Museum/Theater	9,640,000	04/20/16	12/01/27	.60 - 4.00%	8,665,000
Total bonds outstanding	<u>\$ 21,810,000</u>				<u>\$ 14,747,607</u>

Discretely presented component unit			
Year ending December 31	Principal	Interest	Total requirements
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
2024	1,922,959	285,431	2,208,390
2025-2027	6,550,068	374,293	6,924,361
Total	<u>\$ 14,747,607</u>	<u>\$ 2,437,355</u>	<u>\$ 17,184,962</u>

Summary of changes in long-term liabilities for the year ended December 31, 2019						
Debt type	Beginning balance	Additions	Reductions	Ending balance	Due in ≤ 1 year	Due in > 1 year
Bonds	\$ 15,999,376	\$ -	\$ (1,251,769)	\$ 14,747,607	\$ 1,363,886	\$ 13,383,721
Total long-term liabilities	<u>\$ 15,999,376</u>	<u>\$ -</u>	<u>\$ (1,251,769)</u>	<u>\$ 14,747,607</u>	<u>\$ 1,363,886</u>	<u>\$ 13,383,721</u>

11. Restricted component of net position

The government-wide statement of net position reports \$165,700,653 of restricted component of net position, of which \$85,394,145 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 No. 2002-03-018 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, 2019, 261 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 2019, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Commencement Bay Risk Management, 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 Trust 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 AWC Trust 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 AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust 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 AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC 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 the report for the fiscal year ending December 31, 2018. 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	
	2018	2019	2018	2019	2018	2019
Beginning liability	\$ 455,767	\$ 525,000	\$ 160,000	\$ 84,900	\$ 550,000	\$ 341,482
Claims incurred	321,551	570,503	(77,063)	65,336	(47,775)	288,003
Claims paid	(252,318)	(415,436)	1,963	(69,559)	(160,743)	(302,223)
Ending liability	<u>\$ 525,000</u>	<u>\$ 680,067</u>	<u>\$ 84,900</u>	<u>\$ 80,677</u>	<u>\$ 341,482</u>	<u>\$ 327,262</u>

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, 2019:

Estimated pollution remediation obligations		
Site	Governmental activities	Business-type activities
South State Street Manufacturing Gas Plant (f.k.a Boulevard Park)	\$ 9,330,000	\$ -
Cornwall Avenue Landfill Site	-	11,238,768
RG Haley Site	15,720,000	-
Eldridge Avenue Municipal Landfill	-	141,942
Central Waterfront	-	2,763,708
Total	\$ 25,050,000	\$ 14,144,418

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, 2019, total accumulated expenses for these sites have exceeded the prepayment amount by \$257,990, 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 Avenue 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 Avenue Landfill Site in December 2013. The Consent Decree for the Cornwall Avenue 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, 2019. The Cornwall Avenue 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 2019 Engineering and Design Report. The balance of the City's pollution remediation obligation related to the Cornwall Avenue Landfill site is \$11.2 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, 2019, is \$141,942.

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, 2019. The pollution remediation obligation estimate is \$2.8 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 2019, the City contributed \$1,122,183 to the Public Safety Dispatch fund as its share of operations, approximately 18% 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, 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 included contributions totaling \$45.7 million between the City, County, and LWWSD over the five-year period.

In 2019 the City contributed \$128,585 towards the AIS program, LWWSD contributed \$50,000, the County contributed \$123,000, and programs revenues were \$155,771.

Fire District No. 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 2019, Fire District No. 8 paid the City \$1,398,550 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. This entity 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 a not a component unit of the City.

The specific terms and conditions of the loan repayment are included in Interlocal agreement #2013-0624 which was signed at the end of 2013. In this agreement the Park District agreed to begin making payments to the City to pay off the loan of \$3,232,022, \$100,335 of accrued interest on the loan through June 30, 2014, 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 \$511,761 in 2019. As of December 31, 2019, the loan balance is \$1,255,072.

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 funding. 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 Greenway levy funding.

As of December 31, 2019, a total of \$5,939,391 in property taxes and donations has been receipted into the endowment fund and is nonspendable. All interest earned in this fund has been spent.

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, 2019, \$870,888 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 12/31/2019**

Pension liabilities	\$ 20,241,949
Pension assets	\$ 26,122,528
Deferred outflows of resources	\$ 7,454,088
Deferred inflows of resources	\$ 17,107,403
Pension expense/expenditures	\$ 2,249,604

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 2019 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee*
January – June 2019		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Total	12.83%	6.00%
July – December 2019		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	12.86%	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 2019 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2*
January – June 2019		
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%
July – December 2019		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.86%	7.90%

* For employees participating in JBM, the contribution rate was 18.53% to 19.75%.

The City's actual PERS plan contributions were \$1,899,391 to PERS Plan 1 and \$2,933,273 to PERS Plan 2/3 for the year ended December 31, 2019.

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 2019. 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 state contribution rate (expressed as a percentage of covered payroll) was 3.44% as of July 1, 2019.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

LEOFF Plan 2		
Actual Contribution Rates	Employer	Employee
January – June 2019		
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%

LEOFF Plan 2		
July – December 2019		
State and local governments	5.15%	8.59%
Administrative Fee	0.18%	
Total	5.33%	8.59%
Ports and Universities	8.59%	
Administrative Fee	0.18%	
Total	8.77%	8.59%

The City's actual contributions to the plan were \$1,712,186 for the year ended December 31, 2019.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2019, the state contributed \$72,959,897 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$1,121,252.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. 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 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled forward from June 30, 2018, to June 30, 2019, 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 minor changes in methods and assumptions since the last valuation.

- OSA updated modeling to reflect providing benefit payments to the date of the initial retirement eligibility for terminated vested members who delay application for retirement benefits.
- OSA updated COLA programming to reflect legislation signed during the 2018 legislative session that provides PERS and TRS Plan 1 annuitants who are not receiving a basic minimum, alternate

minimum, or temporary disability benefit with a one-time permanent 1.5% increase to their monthly retirement benefit, not to exceed a maximum of \$62.50 per month.

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, employers, 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, 2019, 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%	2.20%
Tangible Assets	7%	5.10%
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	\$ 13,155,714	\$ 10,505,087	\$ 8,205,319
PERS 2/3	\$ 25,983,608	\$ 3,387,869	\$ (15,153,429)
LEOFF 1	\$ (4,273,482)	\$ (5,223,965)	\$ (6,044,617)
LEOFF 2	\$ (3,885,925)	\$ (20,898,563)	\$ (34,784,770)

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, 2019, the City reported a proportionate share of net pension liabilities and assets as follows:

Plan	Liability (Asset)
PERS 1	\$ 10,505,087
PERS 2/3	3,387,869
TOTAL LIABILITY	\$ 13,892,956
LEOFF 1	\$ (5,223,965)
LEOFF 2	(20,898,563)
TOTAL ASSET	\$ (26,122,529)

The amount of the asset reported above for LEOFF Plans 1 and 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability asset, the related State support, and the total portion of the net pension liability/(asset) that was associated with the City were as follows:

	LEOFF 1 Asset	LEOFF 2 Asset
Employer's proportionate	\$ 5,223,965	\$ 20,898,563
State's proportionate	35,334,773	13,685,759
TOTAL	\$ 40,558,738	\$ 34,584,322

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

Plan	Proportionate Share 6/30/2018	Proportionate Share 6/30/2019	Change in Proportion
PERS 1	0.271961%	0.273189%	0.001228%
PERS 2/3	0.338229%	0.348783%	0.010554%
LEOFF 1	0.261836%	0.264289%	0.002453%
LEOFF 2	0.881963%	0.902086%	0.020123%

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 2019. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2019, 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 2019, the state of Washington contributed 39.57 percent of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 60.43 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2019, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2018, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2019, the City's recognized pension expense is as follows:

Plan	Pension Expense
PERS 1	\$ 537,252
PERS 2/3	716,699
LEOFF 1	(314,685)
LEOFF 2	364,009
TOTAL	\$ 1,303,275

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2019, 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	\$ -	\$ 701,828
Contributions subsequent to the measurement date	922,533	-
TOTAL	\$ 922,533	\$ 701,828

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 970,632	\$ 728,373
Net difference between projected and actual investment earnings on pension plan investments	-	4,931,357
Changes of assumptions	86,752	1,421,437
Changes in proportion and differences between contributions and proportionate share of contributions	302,806	218,286
Contributions subsequent to the measurement date	1,510,077	-
TOTAL	\$ 2,870,268	\$ 7,299,453
LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ 541,568
TOTAL	\$ -	\$ 541,568
LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,503,838	\$ 375,811
Net difference between projected and actual investment earnings on pension plan investments	-	4,284,859
Changes of assumptions	34,429	2,351,758
Changes in proportion and differences between contributions and proportionate share of contributions	369,656	860,465
Contributions subsequent to the measurement date	830,941	-
TOTAL	\$ 2,738,864	\$ 7,872,893
TOTAL ALL STATE PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,474,471	\$ 1,104,185
Net difference between projected and actual investment earnings on pension plan investments	-	10,459,612
Changes of assumptions	121,181	3,773,194
Changes in proportion and differences between contributions and proportionate share of contributions	672,462	1,078,751
Contributions subsequent to the measurement date	3,263,551	-
TOTAL	\$ 6,531,665	\$ 16,415,742

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent of the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. 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
2020	\$ 154,932	\$ 1,508,582	\$ 125,791	\$ 1,171,340	\$ 2,960,645
2021	366,990	2,529,659	277,256	2,228,737	5,402,642
2022	130,964	1,121,159	100,608	1,041,618	2,394,349
2023	48,942	599,438	37,914	587,206	1,273,499
2024	-	254,450	-	243,876	498,326
Thereafter	-	(74,026)	-	692,193	618,167
Total	\$ 701,828	\$ 5,939,262	\$ 541,568	\$ 5,964,970	\$ 13,147,628

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

Both plans are closed to new participants, no longer have any active employees and are no longer receiving employee nor employer contributions. Pension benefits have been pre-funded with employer contributions however the accumulated assets do not meet the irrevocable, dedicated, and legally protected requirements provided for under paragraph 4 of GASB 73.

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

	FFP 12/31/19	POP 12/31/19
Active employees	0	0
Total number retirees	15	10
Total number beneficiaries	17	0
Total number participants	32	10
Average retiree age	80.1	79.4
Average beneficiary age	84.8	0.0
Average retiree monthly benefit	\$1,113	\$783
Average beneficiary monthly benefit	\$1,293	\$0

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 pension liability is December 31, 2019. A full actuarial valuation is performed every two years, with the most recent valuation being performed at December 31, 2019.

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

Pension actuarial methods and assumptions for FFP and POP

Actuarial valuation date	12/31/2019
Actuaial measurement date	12/31/2019
Fiscal year end date	12/31/2019
Actuarial cost method	entry age normal, level % of salary
Interest rate for discounting future liabilities	2.75%
General inflation	2.5%
Payroll growth	3.0%
Mortality rates - healthy participants	RP-2014, with scale MP-2014, projected to 2024.
Mortality rates - disabled participants	RP-2014 , with scale MP-2014, projected to 2024, set forward 3 yrs.
Future COLA for city benefits	3.0%
Future COLA for LEOFF benefits	2.5%
Changes since prior valuation	Discount rate was lowered from 4% to reflect the change from prefunded reporting under GASB 68, to non prefunded reporting under GASB 73.

*Pension expense***Pension expense for year ending 12/31/2019**

	FFP	POP
Change in total pension liability	\$ (108,239)	\$ 235,265
(Increase)/decrease in deferred outflows	152,083	85,246
Increase/(decrease) in deferred inflows	(54,857)	(80,141)
Benefit payments	598,816	118,157
Total pension expense	\$ 587,803	\$ 358,527
Interest	\$ 194,919	\$ 39,621
Recognition of assumption changes	431,186	130,762
Recognition of experience gains and losses	(38,302)	188,144
Total pension expense	\$ 587,803	\$ 358,527

*Changes in total Pension liability***Changes in total Pension liability**

	FFP	POP
Total Pension liability, 1/1/2019	\$ 5,172,371	\$ 1,049,596
Changes for the year:		
Interest cost	194,919	39,621
Differences, expected and actual experience	(124,920)	193,532
Changes in actuarial assumptions	420,578	120,269
Benefit payments, net of refunds	(598,816)	(118,157)
Net changes	(108,239)	235,265
Total Pension liability, 12/31/2019	\$ 5,064,132	\$ 1,284,861

Rate sensitivity

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

Total Pension liability discount rate sensitivity

Pension Plan	1% Decrease	Current rate	1% Increase
	1.75%	2.75%	3.75%
FFP	\$ 5,450,762	\$ 5,064,132	\$ 4,722,672
POP	\$ 1,259,198	\$ 1,284,861	\$ 1,081,363

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2019, the City's reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

FFP	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 443,652	\$ 145,776
Changes of assumptions	205,842	154,249
TOTAL	\$ 649,494	\$ 300,025
POP	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 210,660	\$ 378,035
Changes of assumptions	62,268	13,600
TOTAL	\$ 272,928	\$ 391,635
TOTAL	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 654,312	\$ 523,811
Changes of assumptions	268,110	167,849
TOTAL	\$ 922,422	\$ 691,660

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
2020	\$ 97,226	\$ 5,105	\$ 102,331
2021	97,226	5,105	102,331
2022	97,226	5,110	102,336
2023	97,222	(60,583)	36,639
2024	866	(73,444)	(72,578)
Thereafter	(40,297)	-	(40,297)
Total	\$ 349,469	\$ (118,707)	\$ 230,762

Pension Financial Statements

City of Bellingham
Balance Sheet
Pension Plans
December 31, 2019

	Firefighters' Pension	Police Officers' Pension
ASSETS		
Cash and cash equivalents	\$ 1,526,279	\$ 957,454
Investments	5,985,721	3,754,919
Total assets	7,512,000	4,712,373
LIABILITIES		
Vouchers payable	14,276	6,901
Accrued benefit payments	39,530	8,523
Total liabilities	53,806	15,424
FUND BALANCE	7,458,194	4,696,949

Pension Financial Statements

CITY OF BELLINGHAM
Statement of Revenues, Expenditures and Changes in Fund Balances
Pension Plans
For the Year Ended December 31, 2019

	Firefighters' Pension	Police Officers' Pension
REVENUES		
Contributions:		
Auction proceeds	\$ -	\$ 20,837
Fire insurance premium tax	145,766	-
Total contributions	145,766	20,837
Investment income:		
Interest	112,925	69,322
Net incr (decr) in fair value of investments	98,912	60,915
Net investment income	211,837	130,237
Total revenues	357,603	151,074
EXPENDITURES		
Benefit payments	744,582	118,157
Administrative expense	5,496	5,495
Total expenditures	750,078	123,652
Net change in fund balances	(392,475)	27,422
Fund Balance - Beginning	7,850,669	4,669,527
Fund Balance - Ending	\$ 7,458,194	\$ 4,696,949

18. Other post-employment benefits (OPEB)

Aggregate OPEB amounts - all plans as of December 31, 2019

OPEB liabilities	\$ 28,366,155
Deferred outflows of resources	\$ -
Deferred inflows of resources	\$ 2,897,743
OPEB expense	\$ (3,252,793)

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 Premera 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	PHC
	12/31/19	12/31/19
Active employees	0	0
Total number of participants	60	39
Average participant age	74.5	73.3

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, 2019. A full actuarial valuation is performed every two years, with the most recent valuation being performed at December 31, 2019.

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

OPEB actuarial methods and assumptions for FHC and PHC	
Actuarial valuation date	12/31/2019
Actuarial measurement date	12/31/2019
Fiscal year end date	12/31/2019
Actuarial cost method	entry age normal, level % of salary
Interest rate for discounting future liabilities	2.75% per yr., based on all yrs. discounted at municipal bond rate (bond buyer 20-bond GO index as of the measurement date).
General inflation	2.5% per yr.
Payroll growth	3.0% per yr.
Annual premium rate	6.2% in 2020 decreasing .1% each yr. thereafter.
Mortality rates - healthy participants	RP-2014, with scale MP-2014, projected to 2024.
Mortality rates - disabled participants	RP-2014 , with scale MP-2014, projected to 2024, set forward 3 yrs.
Long-term care costs	Current costs were used for retirees receiving LT care. For all others, costs were assumed at \$63,749 per yr. in 2020, with an average duration of 2.2 yrs.
Health care reimbursements	Average of the prior 3 yrs. annual reimbursements by individual were valued, increased with health care trend to 2020.
Changes since prior valuation	The interest rate for discounting future liabilities was changed to reflect current municipal bond rates. Premium increase rates were modified to better reflect anticipated experience. LT care cost assumptions were revised. Health care reimbursement assumptions were revised.

*OPEB expense***OPEB expense for year ending 12/31/2019**

	FHC	PHC
Change in total OPEB liability	\$ (3,795,296)	\$ (329,243)
Increase/(decrease) in deferred inflows	(217,775)	(171,666)
Benefit payments	742,516	518,671
Total OPEB expense	\$ (3,270,555)	\$ 17,762
Interest	\$ 780,698	\$ 493,707
Recognition of assumption changes	(1,965,136)	(91,460)
Recognition of experience gains and losses	(2,086,117)	(384,485)
Total OPEB expense	\$ (3,270,555)	\$ 17,762

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

	FHC	PHC
Total OPEB liability, 1/1/2019	\$ 19,888,696	\$ 12,601,998
Changes for the year:		
Interest cost	780,698	493,707
Differences, expected and actual experience	(1,916,676)	(255,025)
Changes in actuarial assumptions	(1,916,802)	(49,254)
Benefit payments, net of refunds	(742,516)	(518,671)
Net changes	(3,795,296)	(329,243)
Total OPEB liability, 12/31/2019	\$ 16,093,400	\$ 12,272,755

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	Current rate	1% Increase
	1.75%	2.75%	3.75%
FHC	\$ 18,077,939	\$ 16,093,400	\$ 14,418,731
PHC	\$ 13,794,356	\$ 12,272,755	\$ 10,990,127

Total OPEB liability healthcare cost trend rate sensitivity		
---	--	--

OPEB Plan	1% Decrease 5.3% grading down to 3.5% over 1 yr.	Current rate 6.3% grading down to 4.5% over 1 yr.	1% Increase 7.3% grading down to 5.5% over 1 yr.	
	FHC	\$ 14,368,864	\$ 16,093,400	\$ 18,097,404
	PHC	\$ 10,951,444	\$ 12,272,755	\$ 13,809,838

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2019, the City's reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

FHC		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ -	\$ 1,186,087
Changes in actuarial assumptions		-	338,338
TOTAL		\$ -	\$ 1,524,425
PHC		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ -	\$ 1,035,675
Changes in actuarial assumptions		-	337,643
TOTAL		\$ -	\$ 1,373,318
TOTAL		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ -	\$ 2,221,762
Changes in actuarial assumptions		-	675,981
TOTAL		\$ -	\$ 2,897,743

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
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)
2024	(217,775)	(171,666)	(389,441)
Thereafter	(435,550)	(514,998)	(950,548)
Total	\$ (1,524,425)	\$ (1,373,328)	\$ (2,897,753)

OPEB Financial Statements

City of Bellingham

Balance Sheet

OPEB Plans

December 31, 2019

	Firefighters' Healthcare	Police Officers' Healthcare
ASSETS		
Cash and cash equivalents	\$ 1,569,755	\$ 984,344
Investments	6,156,224	3,860,373
Receivables, net	29,477	-
Prepaid items	30,653	17,862
Total assets	7,786,109	4,862,579
LIABILITIES		
Vouchers payable	32,659	32,241
Total liabilities	32,659	32,241
FUND BALANCES	\$ 7,753,450	\$ 4,830,338

OPEB Financial Statements

CITY OF BELLINGHAM
Statement of Revenues, Expenditures and Changes in Fund Balances
OPEB Plans
For the Year Ended December 31, 2019

	Firefighters' Healthcare	Police Officers' Healthcare
REVENUES		
Contributions:		
Property taxes	\$ 2,493,262	\$ -
General fund	205,220	1,344,780
Total contributions	2,698,482	1,344,780
Investment income:		
Interest	76,193	52,554
Net incr (decr) in fair value of investments	80,237	53,894
Net investment income	156,430	106,448
Total revenues	2,854,912	1,451,228
EXPENDITURES		
Participant reimbursements	200,546	179,857
Medical insurance	541,970	305,276
Administrative expense	86,606	82,475
Total expenditures	829,122	567,608
Net change in fund balances	2,025,790	883,620
Fund Balance - Beginning	5,727,660	3,946,718
Fund Balance - Ending	\$ 7,753,450	\$ 4,830,338

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 \$73,478,708 and an estimated tax abatement of \$162,185 for fiscal year 2019.

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 fourteen 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. Closed funds

Fund 113 – Paths and Trails Reserve - In 1975, the City of Bellingham passed Ordinance 8356 creating the Paths & Trails Reserve. This fund was created to account for the one-half of one percent of motor vehicle fuel taxes received by the Street fund used to establish and maintain paths and trails for bicyclists, equestrians and pedestrians. In 2019, the accounting for this revenue was consolidated into the Street fund. On May 20, 2019, the Bellingham City Council passed Ordinance 2019-05-017, dissolving the Paths & Trials Reserve fund. The residual cash in the fund was transferred to the *Street fund*.

Fund 134 – Olympic-Whatcom Falls Park Addition - In 2006, the City of Bellingham created the *Olympic-Whatcom Falls Park fund* for the purpose of accounting for the settlement funds received from the Olympic-Whatcom Falls Park Addition property settlement. All proceeds placed in the fund have been disbursed. On December 16, 2019, the Bellingham City Council passed Ordinance 2019-12-043, dissolving the Olympic-Whatcom Falls Park Addition fund. The residual cash in the fund was transferred to the *Greenways fund*.

21. Implementation of Governmental Accounting Standards Board (GASB) pronouncements

Effective for fiscal year 2019 reporting, the City adopted the following standards issued by the Governmental Accounting Standards Board (GASB):

Statement No. 84, *Fiduciary Activities*, This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

In implementing GASB 84, the City has re-evaluated the reporting of local Pension funds as fiduciary activities under GASB 68 for pension in trust equivalent arrangements and has opted to begin reporting under GASB 73 for pension in non-trust arrangements. The pension funds are now reported in the General Fund. The remaining fiduciary activities are custodial in nature and are reported in the basic financial statements.

Statement No. 73, *Accounting and Financial reporting for pensions and relates assets that are not within the scope of GASB Statements 68, and amendments to certain provisions of GASB statements 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes.

The Pension funds are now reported as part of the general fund and the disclosures required under GASB 73 can be found in the notes and required supplementary information of this report.

22. Prior period adjustments

Governmental fund statements

The city has reported a total governmental fund prior period adjustment in the amount of \$26,795,980. \$4,601,406 of the adjustment is to recognize City of Bellingham business and occupation tax revenue received January and February 2019, for December 2018 business activity. \$22,194,574 of the adjustment relates to the implementation of GASB 84 *fiduciary activities*, whereas the pension and OPEB funds had previously been reported under GASB 68 as *trust fund* fiduciary activities, the pension and OPEB funds are now reported within the general fund under GASB 73 as *non-trust fund* governmental activities.

Proprietary fund statements

The city has reported a total proprietary fund prior period adjustment in the amount of \$81,722 to recognize City of Bellingham business and occupation solid waste utility tax revenue received January 2019, for December 2018 business activity.

Government-wide statements

The city has reported a total government-wide prior period adjustment in the amount of \$13,887,282. As previously stated above, \$26,795,980 of this amount comes from the governmental funds statements, \$81,722 from the proprietary fund statements, and \$(12,990,420) relates to removing the Pension and OPEB fund assets at the government-wide level to report a *Total Pension Liability* under GASB 73 versus the previously reported *Net Pension Liability* under GASB 68.

23. Subsequent events*COVID-19*

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

These measures are anticipated to have a significant financial impact on the city; however, the length of time these measures will be in place, and the full extent of the financial impact on the city is unknown at this time.



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, 2019

	2019				
	2019-2020 Biennial		Actual	Variance with	
	Budgeted Amounts	Original	Amounts		
REVENUES					
<i>Taxes:</i>					
Property	\$ 30,603,530	\$ 30,603,530	\$ 15,250,716	\$ (15,352,814)	
Sales and use	36,619,673	36,538,254	18,301,614	(18,236,640)	
Business	69,667,460	69,989,932	34,513,080	(35,476,852)	
Other	2,250,000	2,302,000	1,125,714	(1,176,286)	
Licenses and permits	1,865,800	1,842,800	908,067	(934,733)	
Intergovernmental revenue	5,891,406	5,807,086	6,516,524	709,438	
Charges for services	17,975,221	22,818,041	4,594,502	(18,223,539)	
Fines and penalties	1,616,092	1,250,892	644,224	(606,668)	
Investment income	679,424	1,646,424	985,338	(661,086)	
Miscellaneous revenues	1,249,824	1,247,824	808,130	(439,694)	
Total revenues	168,418,430	174,046,783	83,647,909	(90,398,874)	
EXPENDITURES					
<i>Current</i>					
General government	30,038,780	30,861,988	9,482,007	(21,379,981)	
Public safety	95,050,039	100,799,770	49,656,874	(51,142,896)	
Natural and economic environment	8,443,940	9,176,553	4,030,160	(5,146,393)	
Social services	334,698	334,698	299,812	(34,886)	
Cultural and recreation	33,324,515	33,303,514	15,530,543	(17,772,971)	
Debt service:					
Principal	221,068	221,068	-	(221,068)	
Interest and related charges	1,861	1,861	1,861	-	
Capital outlay	333,000	2,468,436	-	(2,468,436)	
Total expenditures	167,747,901	177,167,888	79,001,257	(98,166,631)	
Revenues over (under) expenditures	670,529	(3,121,105)	4,646,652	7,767,757	
OTHER FINANCING SOURCES (USES)					
Transfers out	(4,484,370)	(4,484,370)	(2,794,968)	1,689,402	
Total other financing sources and (uses)	(4,484,370)	(4,484,370)	(2,794,968)	1,689,402	
Net change in fund balances	(3,813,841)	(7,605,475)	1,851,684	9,457,159	
Fund balances - beginning	23,438,732	29,989,313	33,686,143	3,696,830	
Prior period adjustment	-	-	4,601,406	4,601,406	
Fund balances - ending	\$ 19,624,891	\$ 22,383,838	\$ 40,139,233	\$ 17,755,395	

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, 2019

REVENUES

General Fund legal basis	\$ 83,647,909
<i>Budgeted separately and consolidated for GASB 54 reporting</i>	
Street	15,799,025
Olympic Whatcom Falls Park Addition	757
First 1/4% Real Estate Excise Tax	2,362,548
Second 1/4% Real Estate Excise Tax	2,286,991
Greenway III Levy	6,027,580
Park Impact Fees	2,770,639
Sportsplex	7,107
Firefighter's Pension	3,007,295
Police Officer's Pension	257,523
General Fund GAAP Basis	<u>116,167,374</u>

EXPENDITURES

General Fund legal basis	79,001,257
<i>Budgeted separately and consolidated for GASB 54 reporting</i>	
Street	13,946,650
Olympic Whatcom Falls Park Addition	13,606
First 1/4% Real Estate Excise Tax	1,681,131
Second 1/4% Real Estate Excise Tax	278,833
Greenway III Levy	4,753,726
Park Impact Fees	1,871,475
Firefighter's Pension	1,579,200
Police Officer's Pension	691,261
General Fund GAAP Basis	<u>103,817,139</u>

OTHER FINANCING SOURCES (USES)

General Fund legal basis	(2,794,968)
<i>Budgeted separately and consolidated for GASB 54 reporting</i>	
General Fund GAAP Basis	<u>(1,888,911)</u>

NET CHANGES IN FUND BALANCES

General Fund legal basis	1,851,684
<i>Budgeted separately and consolidated for GASB 54 reporting</i>	
General Fund GAAP Basis	<u>5,814,672</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**

	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
PERS 1						
Proportionate % of NPL	0.273189%	0.271961%	0.276119%	0.283775%	0.283816%	0.292219%
Proportionate share of NPL	\$ 10,505,087	\$ 12,145,871	\$ 13,102,062	\$ 15,240,054	\$ 14,846,216	\$ 14,720,669
Covered payroll	\$ 177,565	\$ 436,049	\$ 612,179	\$ 694,726	\$ 833,860	\$ 1,081,349
Proportionate share of NPL as a % of covered payroll	5916.21%	2785.44%	2140.23%	2193.68%	1780.42%	1361.32%
Fiduciary net position (FNP)	\$ 21,448,831	\$ 20,879,474	\$ 20,700,421	\$ 20,222,944	\$ 21,451,699	\$ 23,206,738
Total pension liability (TPL)	\$ 31,953,917	\$ 33,025,345	\$ 33,802,482	\$ 35,462,999	\$ 36,297,915	\$ 37,927,408
FNP as a % of TPL	67.12%	63.22%	61.24%	57.03%	59.10%	61.19%
PERS 2/3						
Proportionate % of NPL	0.348783%	0.338229%	0.340802%	0.346439%	0.345119%	0.347973%
Proportionate share of NPL	\$ 3,387,869	\$ 5,774,959	\$ 11,841,240	\$ 17,442,930	\$ 12,331,299	\$ 7,033,791
Covered payroll	\$ 36,405,608	\$ 35,152,185	\$ 33,482,840	\$ 32,435,206	\$ 30,696,116	\$ 29,876,074
Proportionate share of NPA as a % of covered payroll	9.31%	16.43%	35.37%	53.78%	40.17%	23.54%
Fiduciary net position (FNP)	\$ 148,343,786	\$ 130,844,961	\$ 119,283,437	\$ 105,603,698	\$ 101,851,378	\$ 97,776,269
Total pension liability (TPL)	\$ 151,731,654	\$ 136,619,920	\$ 131,124,677	\$ 123,046,628	\$ 114,182,676	\$ 104,810,059
FNP as a % of TPL	97.77%	95.77%	90.97%	85.82%	89.20%	93.29%
LEOFF 1						
Proportionate % of NPA	0.264289%	0.261836%	0.264742%	0.263337%	0.259501%	0.254508%
Proportionate share of NPA	\$ 5,223,965	\$ 4,753,638	\$ 4,016,719	\$ 2,713,124	\$ 3,127,561	\$ 3,086,650
State proportionate share of NPA associated with City	\$ 35,334,772	\$ 32,153,488	\$ 27,168,985	\$ 18,351,505	\$ 21,154,742	\$ 20,878,024
Total proportionate share	\$ 40,558,738	\$ 36,907,126	\$ 31,185,703	\$ 21,064,629	\$ 24,282,302	\$ 23,964,674
Covered payroll	\$ 80,700	\$ 67,074	\$ 120,974	\$ 132,029	\$ 144,697	\$ 465,881
Proportionate share of NPA as a % of covered payroll	6473.34%	7087.15%	3320.31%	2054.94%	2161.45%	662.54%
Fiduciary net position (FNP)	\$ 15,933,553	\$ 15,455,480	\$ 15,186,917	\$ 14,143,483	\$ 14,558,393	\$ 14,554,819
Total pension liability (TPL)	\$ 10,709,588	\$ 10,701,842	\$ 11,170,198	\$ 11,430,358	\$ 11,430,832	\$ 11,468,169
FNP as a % of TPL	148.78%	144.42%	135.96%	123.74%	127.36%	126.91%
LEOFF 2						
Proportionate % of NPA	0.902086%	0.881963%	0.918952%	0.828452%	0.816862%	0.853588%
Proportionate share of NPA	\$ 20,898,563	\$ 17,905,772	\$ 12,752,076	\$ 4,818,525	\$ 8,395,708	\$ 11,327,480
State proportionate share of NPA associated with City	\$ 13,685,759	\$ 11,593,649	\$ 8,272,034	\$ 3,141,323	\$ 5,551,241	\$ 7,401,154
Total proportionate share	\$ 34,584,322	\$ 29,499,421	\$ 21,024,110	\$ 7,959,848	\$ 13,946,948	\$ 18,728,634
Covered payroll	\$ 31,607,756	\$ 29,121,105	\$ 28,930,093	\$ 25,125,355	\$ 23,723,220	\$ 23,786,119
Proportionate share of NPL as a % of covered payroll	66.12%	61.49%	44.08%	19.18%	35.39%	47.62%
Fiduciary net position (FNP)	\$ 128,443,199	\$ 114,704,157	\$ 108,216,955	\$ 84,590,086	\$ 80,319,337	\$ 78,963,736
Total pension liability (TPL)	\$ 107,544,636	\$ 96,798,385	\$ 95,464,878	\$ 79,771,560	\$ 71,923,629	\$ 67,636,256
FNP as a % of TPL	119.43%	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	Statutorily required contributions		Contribution deficiency (excess)		Covered Payroll	Contributions as a % of covered employee payroll
		Actual contributions	deficiency (excess)				
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%
	2019	1,899,391	1,899,391	-	87,421		2172.69%
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%
	2019	2,933,273	2,933,273	-	38,073,839		7.70%
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%
	2019	-	-	-	27,747		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%
	2019	1,712,186	1,712,186	-	32,828,388		5.22%

** Information is available beginning in 2014.*

Pension Plans*Firefighters' (FFP) and Police Officers' (POP) Pension Plans***Schedule of Changes in Total Pension Liability and Related Ratios**

Firefighters' Pension Plan	2019	2018	2017	2016
Total Pension liability				
Interest cost	\$ 194,919	\$ 166,745	\$ 211,196	\$ 184,397
Differences, expected and actual experience	(124,920)	(194,368)	-	887,308
Changes in actuarial assumptions	420,578	(128,029)	329,349	(116,456)
Benefit payments, net of refunds	(598,816)	(460,310)	(768,196)	(415,501)
Net change in total Pension liability	(108,239)	(615,962)	(227,651)	539,748
Total Pension liability - beginning	5,172,371	5,788,333	6,015,984	5,476,236
Total Pension liability - ending	\$ 5,064,132	\$ 5,172,371	\$ 5,788,333	\$ 6,015,984
Covered payroll	-	-	-	132,470
Total Pension liability as a % of covered payroll	0.00%	0.00%	0.00%	4541.39%
Police Officers' Pension Plan	2019	2018	2019	2018
Total Pension liability				
Interest cost	\$ 39,621	\$ 47,003	\$ 57,571	\$ 41,693
Differences, expected and actual experience	193,532	(529,249)	-	491,536
Changes in actuarial assumptions	120,269	15,153	90,031	(31,736)
Benefit payments, net of refunds	(118,157)	(100,144)	(131,995)	(182,997)
Net change in total Pension liability	235,265	(567,237)	15,607	318,496
Total Pension liability - beginning	1,049,596	1,616,833	1,601,226	1,282,730
Total Pension liability - ending	\$ 1,284,861	\$ 1,049,596	\$ 1,616,833	\$ 1,601,226
Covered payroll	-	-	-	45,026
Total Pension liability as a % of covered payroll	0.00%	0.00%	0.00%	3556.23%

* Information is available beginning in 2016.

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	2019	2018
Total OPEB liability		
Interest cost	\$ 780,698	\$ 648,081
Differences, expected and actual experience	(1,916,676)	(1,524,971)
Changes in actuarial assumptions	(1,916,802)	(435,004)
Benefit payments, net of refunds	(742,516)	(804,209)
Net change in total OPEB liability	(3,795,296)	(2,116,103)
Total OPEB liability - beginning	19,888,696	22,004,799
Total OPEB liability - ending	\$ 16,093,400	\$ 19,888,696
Covered payroll	-	142,572
Total OPEB liability as a % of covered payroll	0.00%	13949.93%
Police Officers' Healthcare Plan	2019	2018
Total OPEB liability		
Interest cost	\$ 493,707	\$ 423,336
Differences, expected and actual experience	(255,025)	(1,294,595)
Changes in actuarial assumptions	(49,254)	(422,055)
Benefit payments, net of refunds	(518,671)	(431,801)
Net change in total OPEB liability	(329,243)	(1,725,115)
Total OPEB liability - beginning	12,601,998	14,327,113
Total OPEB liability - ending	\$ 12,272,755	\$ 12,601,998
Covered payroll	-	-
Total OPEB liability as a % of covered payroll	0.00%	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 interest rate for discounting future liabilities was changed to reflect current municipal bond rates. Premium increase rates were modified to better reflect anticipated experience. LT care cost assumptions were revised. Health care reimbursement assumptions were revised.



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.

134 – Olympic-Whatcom Falls Park Addition

Created in 2006 for the purpose of accounting for the settlement funds from the Olympic-Whatcom Falls Park Addition property settlement. In 2019, the proceeds placed in the fund have been disbursed and the fund was closed.

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.

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.

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, 2019

Page 1 of 11

	2019			
	2019-2020 Biennial		Actual	Variance with
	Budgeted Amounts	Original	Final	Legal Basis
REVENUES				
<i>Taxes:</i>				
Property	\$ 30,603,530	\$ 30,603,530	\$ 15,250,716	\$(15,352,814)
Sales and use	36,619,673	36,538,254	18,301,614	(18,236,640)
Business	69,667,460	69,989,932	34,513,080	(35,476,852)
Other	2,250,000	2,302,000	1,125,714	(1,176,286)
Licenses and permits	1,865,800	1,842,800	908,067	(934,733)
Intergovernmental revenue	5,891,406	5,807,086	6,516,524	709,438
Charges for services	17,975,221	22,818,041	4,594,502	(18,223,539)
Fines and penalties	1,616,092	1,250,892	644,224	(606,668)
Investment income	679,424	1,646,424	985,338	(661,086)
Miscellaneous revenues	1,249,824	1,247,824	808,130	(439,694)
Total revenues	168,418,430	174,046,783	83,647,909	(90,398,874)
EXPENDITURES				
<i>Current:</i>				
General government	30,038,780	30,861,988	9,482,007	(21,379,981)
Public safety	95,050,039	100,799,770	49,656,874	(51,142,896)
Natural and economic environment	8,443,940	9,176,553	4,030,160	(5,146,393)
Social services	334,698	334,698	299,812	(34,886)
Cultural and recreation	33,324,515	33,303,514	15,530,543	(17,772,971)
<i>Debt service:</i>				
Principal	221,068	221,068	-	(221,068)
Interest and related charges	1,861	1,861	1,861	-
Capital outlay	333,000	2,468,436	-	(2,468,436)
Total expenditures	167,747,901	177,167,888	79,001,257	(98,166,631)
Revenues over (under) expenditures	670,529	(3,121,105)	4,646,652	7,767,757
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,484,370)	(4,484,370)	(2,794,968)	1,689,402
Total other financing sources and (uses)	(4,484,370)	(4,484,370)	(2,794,968)	1,689,402
Net change in fund balances	(3,813,841)	(7,605,475)	1,851,684	9,457,159
Fund balances - beginning	23,438,732	29,989,313	33,686,143	3,696,830
Prior period adjustment	-	-	4,601,406	4,601,406
Fund balances - ending	\$ 19,624,891	\$ 22,383,838	\$ 40,139,233	\$ 17,755,395

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, 2019

Page 2 of 11

	2019			
	2019-2020 Biennial		Actual	Variance with Final Budget
	Budgeted Amounts	Original	Final	Legal Basis
REVENUES				
Taxes:				
Property	\$ -	\$ -	\$ 193,148	\$ 193,148
Sales and use	17,500,000	19,300,000	9,749,704	(9,550,296)
Licenses and permits	2,000	2,000	700	(1,300)
Intergovernmental revenue	15,770,000	15,770,000	3,884,884	(11,885,116)
Charges for services	3,158,426	3,158,426	1,633,471	(1,524,955)
Investment income	270,412	270,412	251,812	(18,600)
Miscellaneous revenues	98,000	98,000	85,306	(12,694)
Total revenues	36,798,838	38,598,838	15,799,025	(22,799,813)
EXPENDITURES				
Current:				
General government	104,000	-	-	-
Transportation	19,961,109	20,288,303	10,023,257	(10,265,046)
Natural and economic environment	1,052,408	1,334,875	396,269	(938,606)
Capital outlay	21,367,000	23,947,696	3,527,124	(20,420,572)
Total expenditures	42,484,517	45,570,874	13,946,650	(31,624,224)
Revenues over (under) expenditures	(5,685,679)	(6,972,036)	1,852,375	8,824,411
OTHER FINANCING SOURCES (USES)				
Transfers in	1,800,000	1,800,000	435,571	(1,364,429)
Transfers out	(1,319,432)	(1,319,432)	(995,482)	323,950
Total other financing sources and (uses)	480,568	480,568	(559,911)	(1,040,479)
Net change in fund balances	(5,205,111)	(6,491,468)	1,292,464	7,783,932
Fund balances - beginning	6,162,307	8,872,384	10,736,306	1,863,922
Fund balances - ending	\$ 957,196	\$ 2,380,916	\$ 12,028,770	\$ 9,647,854

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, 2019

Page 3 of 11

	2019			
	2019-2020 Biennial		Actual	Variance with Final Budget
	Budgeted Amounts	Original	Final	Legal Basis
REVENUES				
Investment income	\$ -	\$ -	\$ 757	\$ 757
Total revenues	-	-	757	757
EXPENDITURES				
Current:				
Capital outlay	-	13,606	13,606	-
Total expenditures	-	13,606	13,606	-
Revenues over (under) expenditures	-	(13,606)	(12,849)	757
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(573)	(573)	-
Total other financing sources and (uses)	-	(573)	(573)	-
Net change in fund balances	-	(14,179)	(13,422)	757
Fund balances - beginning	124,180	13,742	13,422	(320)
Fund balances - ending	\$ 124,180	\$ (437)	\$ -	\$ 437

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, 2019

Page 4 of 11

	2019			
	2019-2020 Biennial		Actual	Variance with Final Budget
	Budgeted Amounts	Original	Final	Legal Basis
REVENUES				
Taxes:				
Real estate excise	\$ 3,400,000	\$ 3,400,000	\$ 2,031,918	\$ (1,368,082)
Intergovernmental revenue	-	-	49,550	49,550
Investment income	166,872	166,872	280,729	113,857
Miscellaneous revenues	-	-	351	351
Total revenues	3,566,872	3,566,872	2,362,548	(1,204,324)
EXPENDITURES				
Current:				
General government	45,612	45,612	22,806	(22,806)
Cultural and recreation	385,000	523,183	237,913	(285,270)
Capital outlay	2,856,281	3,089,032	1,420,412	(1,668,620)
Total expenditures	3,286,893	3,657,827	1,681,131	(1,976,696)
Revenues over (under) expenditures	279,979	(90,955)	681,417	772,372
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,300,000)	(3,050,000)	(1,900,000)	1,150,000
Total other financing sources and (uses)	(2,300,000)	(3,050,000)	(1,900,000)	1,150,000
Net change in fund balances	(2,020,021)	(3,140,955)	(1,218,583)	1,922,372
Fund balances - beginning	7,127,778	10,116,212	10,021,580	(94,632)
Fund balances - ending	\$ 5,107,757	\$ 6,975,257	\$ 8,802,997	\$ 1,827,740

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, 2019

Page 5 of 11

	2019			
	2019-2020 Biennial		Actual	Variance with Final Budget
	Budgeted Amounts	Original	Final	Legal Basis
REVENUES				
Taxes:				
Real estate excise	\$ 3,400,000	\$ 3,400,000	\$ 2,031,918	\$ (1,368,082)
Intergovernmental revenue	40,000	40,000	20,000	(20,000)
Investment income	132,834	132,834	235,073	102,239
Total revenues	3,572,834	3,572,834	2,286,991	(1,285,843)
EXPENDITURES				
Current:				
General government	44,682	594,682	22,341	(572,341)
Cultural and recreation	817,000	825,445	256,492	(568,953)
Capital outlay	302,309	15,309	-	(15,309)
Total expenditures	1,163,991	1,435,436	278,833	(1,156,603)
Revenues over (under) expenditures	2,408,843	2,137,398	2,008,158	(129,240)
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,050,000)	(6,050,000)	(550,000)	5,500,000
Total other financing sources and (uses)	(2,050,000)	(6,050,000)	(550,000)	5,500,000
Net change in fund balances	358,843	(3,912,602)	1,458,158	5,370,760
Fund balances - beginning	5,133,009	7,584,861	7,516,716	(68,145)
Fund balances - ending	\$ 5,491,852	\$ 3,672,259	\$ 8,974,874	\$ 5,302,615

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, 2019

Page 6 of 11

	2019			
	2019-2020 Biennial		Actual	Variance with Final Budget
	Budgeted Amounts	Original	Final	Legal Basis
REVENUES				
Taxes:				
Property	\$ 10,451,189	\$ 10,451,189	\$ 5,074,646	\$ (5,376,543)
Intergovernmental revenue	1,000,000	1,000,000	541,308	(458,692)
Charges for services	-	-	80	80
Investment income	268,236	268,236	389,565	121,329
Miscellaneous revenues	-	-	21,981	21,981
Total revenues	11,719,425	11,719,425	6,027,580	(5,691,845)
EXPENDITURES				
Current:				
Cultural and recreation	1,774,004	2,083,681	989,694	(1,093,987)
Debt service:				
Principal	930,000	930,000	-	(930,000)
Interest and related charges	70,000	70,000	29,547	(40,453)
Capital outlay	10,273,301	10,796,199	3,734,485	(7,061,714)
Total expenditures	13,047,305	13,879,880	4,753,726	(9,126,154)
Revenues over (under) expenditures	(1,327,880)	(2,160,455)	1,273,854	3,434,309
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	573	573
Transfers out	(429,000)	(429,000)	(429,000)	-
Total other financing sources and (uses)	(429,000)	(429,000)	(428,427)	573
Net change in fund balances	(1,756,880)	(2,589,455)	845,427	3,434,882
Fund balances - beginning	9,469,000	9,876,022	8,078,699	(1,797,323)
Fund balances - ending	\$ 7,712,120	\$ 7,286,567	\$ 8,924,126	\$ 1,637,559

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, 2019

Page 7 of 11

	2019			
	2019-2020 Biennial		Actual	Variance with Final Budget
	Budgeted Amounts	Original	Final	Legal Basis
REVENUES				
Charges for services	\$ 3,800,000	\$ 3,800,000	\$ 2,454,441	\$ (1,345,559)
Investment income	172,018	172,018	300,114	128,096
Miscellaneous revenues	-	-	16,084	16,084
Total revenues	3,972,018	3,972,018	2,770,639	(1,201,379)
EXPENDITURES				
Current:				
Cultural and recreation	316,282	510,880	182,558	(328,322)
Capital outlay	9,217,285	9,733,004	1,688,917	(8,044,087)
Total expenditures	9,533,567	10,243,884	1,871,475	(8,372,409)
Revenues over (under) expenditures	(5,561,549)	(6,271,866)	899,164	7,171,030
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	(5,561,549)	(6,271,866)	899,164	7,171,030
Fund balances - beginning	9,801,361	9,715,961	9,616,747	(99,214)
Fund balances - ending	\$ 4,239,812	\$ 3,444,095	\$ 10,515,911	\$ 7,071,816

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, 2019

Page 8 of 11

	2019			
	2019-2020 Biennial		Actual	Variance with Final Budget
	Budgeted Amounts	Original	Final	Legal Basis
REVENUES				
Investment income	\$ 6,084	\$ 6,084	\$ 7,107	\$ 1,023
Total revenues	6,084	6,084	7,107	1,023
EXPENDITURES				
Total expenditures	-	-	-	-
Revenues over (under) expenditures	6,084	6,084	7,107	1,023
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	6,084	6,084	7,107	1,023
Fund balances - beginning	49,186	54,562	52,783	(1,779)
Fund balances - ending	\$ 55,270	\$ 60,646	\$ 59,890	\$ (756)

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual Legal Basis
Firefighter's Pension Fund
For the Year Ended December 31, 2019

Page 9 of 11

	2019			
	2019-2020 Biennial		Actual	Variance with Final Budget
	Budgeted Amounts	Original	Final	Legal Basis
REVENUES				
Taxes:				
Property	\$ 4,030,000	\$ 4,030,000	\$ 2,493,262	\$ (1,536,738)
Intergovernmental revenue	240,000	240,000	145,767	(94,233)
Investment income	276,400	276,400	368,266	91,866
Miscellaneous revenues	6,200	6,200	-	(6,200)
Total revenues	4,552,600	4,552,600	3,007,295	(1,545,305)
EXPENDITURES				
Current:				
Public safety	3,880,477	3,880,477	1,579,200	(2,301,277)
Total expenditures	3,880,477	3,880,477	1,579,200	(2,301,277)
Revenues over (under) expenditures	672,123	672,123	1,428,095	755,972
OTHER FINANCING SOURCES (USES)				
Transfers in	410,440	410,440	205,220	(205,220)
Total other financing sources and (uses)	410,440	410,440	205,220	(205,220)
Net change in fund balances	1,082,563	1,082,563	1,633,315	550,752
Fund balances - beginning	-	-	-	-
Prior period adjustment	11,232,040	13,422,395	13,578,329	155,934
Fund balances - ending	\$ 12,314,603	\$ 14,504,958	\$ 15,211,644	\$ 706,686

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual Legal Basis
Police Officer's Pension Fund
For the Year Ended December 31, 2019

Page 10 of 11

	2019			
	2019-2020 Biennial		Actual	Variance with Final Budget
	Budgeted Amounts	Original	Final	Legal Basis
REVENUES				
Investment income	\$ 187,940	\$ 187,940	\$ 236,686	\$ 48,746
Miscellaneous revenues	30,000	30,000	20,837	(9,163)
Total revenues	217,940	217,940	257,523	39,583
EXPENDITURES				
Current:				
Public safety	2,243,127	2,243,127	691,261	(1,551,866)
Total expenditures	2,243,127	2,243,127	691,261	(1,551,866)
Revenues over (under) expenditures	(2,025,187)	(2,025,187)	(433,738)	1,591,449
OTHER FINANCING SOURCES (USES)				
Transfers in	2,689,560	2,689,560	1,344,780	(1,344,780)
Total other financing sources and (uses)	2,689,560	2,689,560	1,344,780	(1,344,780)
Net change in fund balances	664,373	664,373	911,042	246,669
Fund balances - beginning	-	-	-	-
Prior period adjustment	7,816,265	8,679,272	8,616,245	(63,027)
Fund balances - ending	\$ 8,480,638	\$ 9,343,645	\$ 9,527,287	\$ 183,642

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, 2019

Page 11 of 11

	2019-2020 Biennial		2019	
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 45,084,719	\$ 45,084,719	\$ 23,011,772	\$ (22,072,947)
Sales and use	54,119,673	55,838,254	28,051,318	(27,786,936)
Business	69,667,460	69,989,932	34,513,080	(35,476,852)
Real estate excise	6,800,000	6,800,000	4,063,836	(2,736,164)
Other	2,250,000	2,302,000	1,125,714	(1,176,286)
Licenses and permits	1,867,800	1,844,800	908,767	(936,033)
Intergovernmental revenue	22,941,406	22,857,086	11,158,033	(11,699,053)
Charges for services	24,933,647	29,776,467	8,682,494	(21,093,973)
Fines and penalties	1,616,092	1,250,892	644,224	(606,668)
Investment income	2,160,220	3,127,220	3,055,447	(71,773)
Miscellaneous revenues	1,384,024	1,382,024	952,689	(429,335)
Total revenues	232,825,041	240,253,394	116,167,374	(124,086,020)
EXPENDITURES				
Current:				
General government	30,233,074	31,502,282	9,527,154	(21,975,128)
Public safety	101,173,643	106,923,374	51,927,335	(54,996,039)
Transportation	19,961,109	20,288,303	10,023,257	(10,265,046)
Natural and economic environment	9,496,348	10,511,428	4,426,429	(6,084,999)
Social services	334,698	334,698	299,812	(34,886)
Cultural and recreation	36,616,801	37,246,703	17,197,200	(20,049,503)
Debt service:				
Principal	1,151,068	1,151,068	-	(1,151,068)
Interest and related charges	71,861	71,861	31,408	(40,453)
Capital outlay	44,349,176	50,063,282	10,384,544	(39,678,738)
Total expenditures	243,387,778	258,092,999	103,817,139	(154,275,860)
Revenues over (under) expenditures	(10,562,737)	(17,839,605)	12,350,235	30,189,840
OTHER FINANCING SOURCES (USES)				
Transfers in	4,900,000	4,900,000	1,986,144	(2,913,856)
Transfers out	(10,582,802)	(15,333,375)	(6,670,023)	8,663,352
Total other financing sources and (uses)	(5,682,802)	(10,433,375)	(4,683,879)	5,749,496
Net change in fund balances	(16,245,539)	(28,272,980)	7,666,356	35,939,336
Fund balances - beginning	61,305,553	76,223,057	79,722,396	3,499,339
Prior period adjustment	19,048,305	22,101,667	26,795,980	4,694,313
Fund balances - ending	\$ 64,108,319	\$ 70,051,744	\$ 114,184,732	\$ 44,132,988



CITY OF BELLINGHAM
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2019

	Special Revenue Funds	Debt Service Funds	Capital Project Fund	Permanent Funds	Nonmajor Governmental Fund Totals
ASSETS					
Cash and cash equivalents	\$ 4,719,472	\$ 769,513	\$ 1,481,089	\$ 1,712,389	\$ 8,682,463
Investments	18,061,166	3,017,852	5,808,495	6,715,594	33,603,107
Receivables, net	1,448,093	-	9,011	-	1,457,104
Due from other funds	-	5,032	62,652	-	67,684
Due from other governments	824,910	-	-	-	824,910
Due from component units	-	13,620,382	-	1,127,224	14,747,606
Interfund loans receivable	-	-	-	1,255,072	1,255,072
Notes and contracts receivable	26,316,688	-	-	-	26,316,688
Total assets	51,370,329	17,412,779	7,361,247	10,810,279	86,954,634
LIABILITIES					
Accounts payable	1,290,395	-	-	-	1,290,395
Accrued wages and benefits	274,388	-	-	-	274,388
Due to other funds	26,310	4,268	764	-	31,342
Other liabilities	431	-	-	-	431
Total liabilities	1,591,524	4,268	764	-	1,596,556
FUND BALANCES					
Nonspendable	-	-	-	9,939,391	9,939,391
Restricted	49,778,805	17,408,511	7,360,483	870,888	75,418,687
Total fund balances	49,778,805	17,408,511	7,360,483	10,810,279	85,358,078
Total liabilities, deferred inflows of resources and fund balances	\$51,370,329	\$17,412,779	\$ 7,361,247	\$10,810,279	\$ 86,954,634

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Special Revenue Funds	Debt Service Funds	Capital Project Fund	Permanent Funds	Nonmajor Governmental Fund Totals
REVENUES					
Taxes:					
Property	\$ 3,996,458	\$ -	\$ 64,191	\$ -	\$ 4,060,649
Sales and use	8,076,838	-	1,000,000	-	9,076,838
Licenses and permits	288,237	-	-	-	288,237
Intergovernmental revenue	5,169,416	-	-	-	5,169,416
Charges for services	4,255,622	-	-	-	4,255,622
Investment income	589,930	101,560	187,380	199,471	1,078,341
Miscellaneous revenues	565,773	1,170,263	-	-	1,736,036
Total revenues	22,942,274	1,271,823	1,251,571	199,471	25,665,139
EXPENDITURES					
Current:					
Public safety	7,234,128	-	-	-	7,234,128
Transportation	3,006,319	-	-	-	3,006,319
Natural and economic environment	4,867,857	-	-	9,007	4,876,864
Cultural and recreation	39,354	-	-	13,795	53,149
Debt service:					
Principal	-	1,897,216	-	-	1,897,216
Interest and related charges	-	718,992	-	-	718,992
Capital outlay	4,928,722	-	-	-	4,928,722
Total expenditures	20,076,380	2,616,208	-	22,802	22,715,390
Revenues over (under) expenditures	2,865,894	(1,344,385)	1,251,571	176,669	2,949,749
OTHER FINANCING SOURCES (USES)					
Transfers in	600,000	690,304	-	-	1,290,304
Transfers out	(135,571)	-	-	-	(135,571)
Total other financing sources and (uses)	464,429	690,304	-	-	1,154,733
Net change in fund balances	3,330,323	(654,081)	1,251,571	176,669	4,104,482
Fund balances - beginning	46,448,482	18,062,592	6,108,912	10,633,610	81,253,596
Fund balances - ending	\$ 49,778,805	\$ 17,408,511	\$ 7,360,483	\$ 10,810,279	\$ 85,358,078



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. In 2019, this revenue was consolidated into the Street fund and this fund was closed.

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. In November 2018, a ten-year, \$40 million, property tax levy was voter approved.

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, 2019

	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	\$ -	\$ 114,116	\$ 90,877	\$ 241,542	\$ 61,914	\$ 379,052	\$ 1,701,101	\$ 189,961	\$ 314,221	\$ 1,626,688	\$ -	\$ 4,719,472
Investments	-	-	356,400	947,272	242,813	1,486,555	6,671,334	744,985	1,232,304	6,379,503	-	18,061,166
Receivables, net	-	-	-	3,997	-	-	1,172,779	-	227,503	44,414	-	1,448,093
Due from other governments	-	-	-	85,525	95,151	189,583	20,974	475	-	811	432,391	824,910
Notes and contracts receivable	-	-	-	-	-	-	-	-	-	9,581,902	16,734,786	26,316,688
Total assets	-	114,116	447,277	1,277,736	399,878	2,055,190	9,566,188	935,421	1,774,028	17,633,318	17,167,177	51,370,329
LIABILITIES												
Accounts payable	-	1,574	3,226	87,291	45,907	10,178	405,721	6,801	228,610	210,344	290,743	1,290,395
Accrued wages and benefits	-	-	-	-	-	-	264,273	-	9,790	325	-	274,388
Due to other funds	-	-	-	-	-	-	-	-	-	-	26,310	26,310
Other liabilities	-	-	-	-	431	-	-	-	-	-	-	431
Total liabilities	-	1,574	3,226	87,291	46,338	274,451	405,721	16,591	228,935	210,344	317,053	1,591,524
FUND BALANCES												
Restricted	-	112,542	444,051	1,190,445	353,540	1,780,739	9,160,467	918,830	1,545,093	17,422,974	16,850,124	49,778,805
Total fund balances	-	112,542	444,051	1,190,445	353,540	1,780,739	9,160,467	918,830	1,545,093	17,422,974	16,850,124	49,778,805
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ 114,116	\$ 447,277	\$ 1,277,736	\$ 399,878	\$ 2,055,190	\$ 9,566,188	\$ 935,421	\$ 1,774,028	\$ 17,633,318	\$ 17,167,177	\$ 51,370,329

Total liabilities, deferred inflows of
resources and fund balances

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds
For the Year Ended December 31, 2019

	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												
Taxes:												
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,996,458	\$ -	\$ 3,996,458
Sales and use	-	-	-	-	-	-	-	-	1,879,315	-	-	8,076,838
Licenses and permits	-	-	-	-	-	-	-	288,237	-	-	-	288,237
Intergovernmental revenue	2,130	-	-	328,193	463,984	2,105,211	1,041,035	-	-	-	1,228,863	5,169,416
Charges for services	-	-	-	-	4,189,808	62,486	1,995	-	-	1,333	-	4,255,622
Investment income	2,274	-	12,830	30,340	14,690	59,530	226,971	26,885	36,623	175,138	4,649	589,930
Miscellaneous revenues	-	64,922	-	33,615	3,876	56,617	10,000	123,803	-	116,304	156,636	565,773
Total revenues	4,404	64,922	12,830	392,148	482,550	6,411,166	7,538,015	440,920	1,915,938	4,288,233	1,390,148	22,942,274
EXPENDITURES												
Current:												
Public safety	-	-	-	-	266,806	6,967,322	-	-	-	-	-	7,234,128
Transportation	208	-	-	11,213	797,809	-	3,006,111	-	-	-	-	3,006,319
Natural and economic environment	-	-	39,354	-	-	-	-	404,878	1,700,915	1,319,059	633,983	4,867,857
Cultural and recreation	-	-	-	-	432,290	-	-	-	-	-	-	39,354
Capital outlay	-	208	39,354	11,213	797,809	6,969,096	6,967,322	4,496,432	-	-	-	4,928,722
Total expenditures	4,196	25,568	1,617	(405,661)	(216,546)	(556,156)	35,472	404,878	1,700,915	1,319,059	633,983	20,076,380
Revenues over (under) expenditures												
OTHER FINANCING SOURCES (USES)												
Transfers in	-	-	-	600,000	-	-	-	-	-	-	-	600,000
Transfers out	(135,571)	-	-	-	-	-	-	-	-	-	-	(135,571)
Total other financing sources and (uses)	(135,571)			600,000								464,429
Net change in fund balances	(131,375)	25,568	1,617	194,339	(216,546)	(556,156)	35,472	36,042	215,023	2,970,174	756,165	3,330,323
Fund balances - beginning	131,375	86,974	442,434	996,106	570,086	2,336,895	9,124,995	882,788	1,330,070	14,452,800	16,093,959	46,448,482
Fund balances - ending	\$ 112,542	\$ 444,051	\$ 1,190,445	\$ 393,540	\$ 1,780,739	\$ 9,160,457	\$ 918,830	\$ 1,545,093	\$ 17,422,974	\$ 16,850,124	\$ 49,778,805	

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, 2019

	2019			
	2019-2020 Biennial		Actual	Variance with GAAP Basis
	Budgeted Amounts	Original	Final	
REVENUES				
Taxes:				
Intergovernmental revenue	\$ 16,000	\$ 2,950	\$ 2,130	\$ (820)
Investment income	1,620	810	2,274	1,464
Total revenues	17,620	3,760	4,404	644
EXPENDITURES				
Current:				
Transportation	1,000	208	208	-
Total expenditures	1,000	208	208	-
Revenues over (under) expenditures	16,620	3,552	4,196	644
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(135,571)	(135,571)	-
Total other financing sources and (uses)	-	(135,571)	(135,571)	-
Net change in fund balances	16,620	(132,019)	(131,375)	644
Fund balances - beginning	118,737	132,019	131,375	(644)
Fund balances - ending	\$ 135,357	\$ -	\$ -	\$ -

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, 2019

	2019			
	2019-2020 Biennial		Actual	Variance with GAAP Basis
	Budgeted Amounts	Original	Final	
REVENUES				
Miscellaneous revenues	\$ 100,000	\$ 100,000	\$ 64,922	\$ (35,078)
Total revenues	100,000	100,000	64,922	(35,078)
EXPENDITURES				
Current:				
Cultural and recreation	100,156	100,156	39,354	(60,802)
Total expenditures	100,156	100,156	39,354	(60,802)
Revenues over (under) expenditures	(156)	(156)	25,568	25,724
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	(156)	(156)	25,568	25,724
Fund balances - beginning	25,473	86,974	86,974	-
Fund balances - ending	\$ 25,317	\$ 86,818	\$ 112,542	\$ 25,724

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, 2019

			2019	
	2019-2020 Biennial		Actual	
	Budgeted Amounts	Original	Final	Amounts GAAP Basis
REVENUES				
Taxes:				
Investment income	\$ -	\$ -	\$ 12,830	\$ 12,830
Total revenues	-	-	12,830	12,830
EXPENDITURES				
Current:				
Natural and economic environment	3,037	3,037	11,213	8,176
Total expenditures	3,037	3,037	11,213	8,176
Revenues over (under) expenditures	(3,037)	(3,037)	1,617	4,654
OTHER FINANCING SOURCES (USES)				
Transfers out	(400,000)	(400,000)	-	400,000
Total other financing sources and (uses)	(400,000)	(400,000)	-	400,000
Net change in fund balances	(403,037)	(403,037)	1,617	404,654
Fund balances - beginning	403,037	446,948	442,434	(4,514)
Fund balances - ending	\$ -	\$ 43,911	\$ 444,051	\$ 400,140

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, 2019

	2019			
	2019-2020 Biennial		Actual	Variance with GAAP Basis
	Budgeted Amounts	Original	Final	
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ 328,193	\$ 328,193
Investment income	15,982	15,982	30,340	14,358
Miscellaneous revenues	-	-	33,615	33,615
Total revenues	15,982	15,982	392,148	376,166
EXPENDITURES				
Current:				
Natural and economic environment	1,233,311	1,959,795	797,809	(1,161,986)
Total expenditures	1,233,311	1,959,795	797,809	(1,161,986)
Revenues over (under) expenditures	(1,217,329)	(1,943,813)	(405,661)	1,538,152
OTHER FINANCING SOURCES (USES)				
Transfers in	1,200,000	1,200,000	600,000	(600,000)
Total other financing sources and (uses)	1,200,000	1,200,000	600,000	(600,000)
Net change in fund balances	(17,329)	(743,813)	194,339	938,152
Fund balances - beginning	50,550	993,969	996,106	2,137
Fund balances - ending	\$ 33,221	\$ 250,156	\$ 1,190,445	\$ 940,289

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, 2019

	2019			
	2019-2020 Biennial		Actual	Variance with GAAP Basis
	Budgeted Amounts	Original	Final	
REVENUES				
Intergovernmental revenue	\$ 847,670	\$ 847,670	\$ 463,984	\$ (383,686)
Investment income	18,758	18,758	14,690	(4,068)
Miscellaneous revenues	-	-	3,876	3,876
Total revenues	866,428	866,428	482,550	(383,878)
EXPENDITURES				
Current:				
Public safety	1,042,997	1,077,997	266,806	(811,191)
Capital outlay	-	-	432,290	432,290
Total expenditures	1,042,997	1,077,997	699,096	(378,901)
Revenues over (under) expenditures	(176,569)	(211,569)	(216,546)	(4,977)
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	(176,569)	(211,569)	(216,546)	(4,977)
Fund balances - beginning	381,603	479,152	570,086	90,934
Fund balances - ending	\$ 205,034	\$ 267,583	\$ 353,540	\$ 85,957

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, 2019

	2019			
	2019-2020 Biennial		Actual	Variance with GAAP Basis
	Budgeted Amounts	Original	Final	
REVENUES				
Intergovernmental revenue	\$ 3,900,000	\$ 3,900,000	\$ 2,105,211	\$ (1,794,789)
Charges for services	10,255,757	10,255,757	4,189,808	(6,065,949)
Investment income	83,260	83,260	59,529	(23,731)
Miscellaneous revenues	3,200	3,200	56,617	53,417
Total revenues	14,242,217	14,242,217	6,411,165	(7,831,052)
EXPENDITURES				
Current:				
Public safety	13,923,634	13,948,634	6,967,322	(6,981,312)
Capital outlay	549,100	549,100		(549,100)
Total expenditures	14,472,734	14,497,734	6,967,322	(7,530,412)
Revenues over (under) expenditures	(230,517)	(255,517)	(556,157)	(300,640)
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	(230,517)	(255,517)	(556,157)	(300,640)
Fund balances - beginning	1,961,767	2,363,303	2,336,895	(26,408)
Fund balances - ending	\$ 1,731,250	\$ 2,107,786	\$ 1,780,738	\$ (327,048)

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, 2019

	2019			
	2019-2020 Biennial		Actual	Variance with GAAP Basis
	Budgeted Amounts	Original	Final	
REVENUES				
Taxes:				
Sales and use	\$ 12,303,830	\$ 12,303,830	\$ 6,197,523	\$ (6,106,307)
Intergovernmental revenue	2,710,209	2,710,209	1,041,035	(1,669,174)
Charges for services	-	-	62,486	62,486
Investment income	166,416	166,416	226,971	60,555
Miscellaneous revenues	-	-	10,000	10,000
Total revenues	15,180,455	15,180,455	7,538,015	(7,642,440)
EXPENDITURES				
Current:				
Transportation	1,370,481	1,370,481	3,006,111	1,635,630
Capital outlay	18,626,480	19,677,414	4,496,432	(15,180,982)
Total expenditures	19,996,961	21,047,895	7,502,543	(13,545,352)
Revenues over (under) expenditures	(4,816,506)	(5,867,440)	35,472	5,902,912
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	(4,816,506)	(5,867,440)	35,472	5,902,912
Fund balances - beginning	6,000,000	8,150,786	9,124,995	974,209
Fund balances - ending	\$ 1,183,494	\$ 2,283,346	\$ 9,160,467	\$ 6,877,121

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, 2019

	2019			
	2019-2020 Biennial		Actual	Variance with GAAP Basis
	Budgeted Amounts	Original	Final	
REVENUES				
Licenses and permits	\$ 600,000	\$ 600,000	\$ 288,237	\$ (311,763)
Charges for services	5,020	5,020	1,995	(3,025)
Investment income	27,784	27,784	26,885	(899)
Miscellaneous revenues	250,000	250,000	123,803	(126,197)
Total revenues	882,804	882,804	440,920	(441,884)
EXPENDITURES				
Current:				
Natural and economic environment	893,951	893,951	404,878	(489,073)
Capital outlay	322,200	322,200	-	(322,200)
Total expenditures	1,216,151	1,216,151	404,878	(811,273)
Revenues over (under) expenditures	(333,347)	(333,347)	36,042	369,389
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	(333,347)	(333,347)	36,042	369,389
Fund balances - beginning	666,702	892,220	882,788	(9,432)
Fund balances - ending	\$ 333,355	\$ 558,873	\$ 918,830	\$ 359,957

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, 2019

	2019			
	2019-2020 Biennial		Actual	Variance with GAAP Basis
	Budgeted Amounts	Original	Final	
REVENUES				
Taxes:				
Sales and use	\$ 3,600,793	\$ 3,600,793	\$ 1,879,315	\$ (1,721,478)
Investment income	18,892	18,892	36,623	17,731
Total revenues	3,619,685	3,619,685	1,915,938	(1,703,747)
EXPENDITURES				
Current:				
Natural and economic environment	4,321,526	4,331,076	1,700,915	(2,630,161)
Total expenditures	4,321,526	4,331,076	1,700,915	(2,630,161)
Revenues over (under) expenditures	(701,841)	(711,391)	215,023	926,414
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	(701,841)	(711,391)	215,023	926,414
Fund balances - beginning	840,651	1,114,528	1,330,070	215,542
Fund balances - ending	\$ 138,810	\$ 403,137	\$ 1,545,093	\$ 1,141,956

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, 2019

	2019			
	2019-2020 Biennial		Actual	Variance with GAAP Basis
	Budgeted Amounts	Original	Final	
REVENUES				
Taxes:				
Property	\$ 3,000,000	\$ 8,000,000	\$ 3,996,458	\$ (4,003,542)
Charges for services	-	-	1,333	1,333
Investment income	40,307	40,307	175,138	134,831
Miscellaneous revenues	103,818	103,818	116,304	12,486
Total revenues	3,144,125	8,144,125	4,289,233	(3,854,892)
EXPENDITURES				
Current:				
Natural and economic environment	6,715,257	11,490,998	1,319,059	(10,171,939)
Total expenditures	6,715,257	11,490,998	1,319,059	(10,171,939)
Revenues over (under) expenditures	(3,571,132)	(3,346,873)	2,970,174	6,317,047
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	(3,571,132)	(3,346,873)	2,970,174	6,317,047
Fund balances - beginning	3,571,132	5,004,003	14,452,800	9,448,797
Fund balances - ending	\$ -	\$ 1,657,130	\$ 17,422,974	\$ 15,765,844

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, 2019

	2019			
	2019-2020 Biennial		Actual	Variance with GAAP Basis
	Budgeted Amounts	Original	Final	
REVENUES				
Intergovernmental revenue	\$ 6,098,347	\$ 6,098,347	\$ 1,228,863	\$ (4,869,484)
Charges for services	529,254	529,254	-	(529,254)
Investment income	952	952	4,649	3,697
Miscellaneous revenues	140,601	140,601	156,636	16,035
Total revenues	6,769,154	6,769,154	1,390,148	(5,379,006)
EXPENDITURES				
Current:				
Natural and economic environment	6,769,154	6,769,154	633,983	(6,135,171)
Total expenditures	6,769,154	6,769,154	633,983	(6,135,171)
Revenues over (under) expenditures	-	-	756,165	756,165
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	-	-	756,165	756,165
Fund balances - beginning	-	-	16,093,959	16,093,959
Fund balances - ending	\$ -	\$ -	\$ 16,850,124	\$ 16,850,124



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 (QEBCB)

\$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, 2019

	2004									
	2004 Sportsplex LTGO Bond	PFD/Civic Field LTGO Bond	2011 QEC Bond	2016 PFD Refunding Bond			Drake Note	Governmental Debt Service		Debt Service Fund Totals
ASSETS										
Cash and cash equivalents	\$ 5,017	\$ -	\$ 748,107	\$ -	\$ -	\$ -	\$ -	\$ 16,389	\$ 769,513	
Investments	19,675	-	2,933,902	-	-	-	-	64,275	3,017,852	
Due from other funds	-	-	4,268	-	-	-	-	764	5,032	
Due from component units	-	4,955,382	-	8,665,000	-	-	-	-	13,620,382	
Total assets	24,692	4,955,382	3,686,277	8,665,000	-	-	-	81,428	17,412,779	
LIABILITIES										
Due to other funds	-	-	-	-	-	-	-	4,268	4,268	
Total liabilities	-	-	-	-	-	-	-	4,268	4,268	
FUND BALANCES										
Restricted	24,692	4,955,382	3,686,277	8,665,000	-	-	-	77,160	17,408,511	
Total fund balances	24,692	4,955,382	3,686,277	8,665,000	-	-	-	77,160	17,408,511	
Total liabilities, deferred inflows of resources and fund balances	\$ 24,692	\$ 4,955,382	\$ 3,686,277	\$ 8,665,000	\$ -	\$ -	\$ -	\$ 81,428	\$ 17,412,779	

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Debt Service Funds
For the Year Ended December 31, 2019

	2004			2016 PFD				Governmental			Debt Service	
	Sportsplex LTGO Bond	PFD/Civic Field LTGO Bond	2011 QEC Bond	Refunding Bond	Drake Note	Debt Service	LID Guaranty	Fund Totals				
REVENUES												
Investment income	\$ 513	-	\$ 98,827	\$ -	\$ -	\$ -	\$ 2,220	\$ 101,560				
Miscellaneous revenues	269,016	216,939	374,708	309,600	-	-	-	-				1,170,263
Total revenues	269,529	216,939	473,535	309,600	-	-	2,220	1,271,823				
EXPENDITURES												
Debt service:												
Principal	190,000	530,000	-	630,000	14,033	533,183	-	1,897,216				
Interest and related charges	79,016	187,288	-	309,600	3,930	139,158	-	718,992				
Total expenditures	269,016	717,288	-	939,600	17,963	672,341	-	2,616,208				
Revenues over (under) expenditures	513	(500,349)	473,535	(630,000)	(17,963)	(672,341)	2,220	(1,344,385)				
OTHER FINANCING SOURCES (USES)												
Transfers in	-	-	-	-	17,963	672,341	-	690,304				
Total other financing sources and (uses)	-	-	-	-	17,963	672,341	-	690,304				
Net change in fund balances	513	(500,349)	473,535	(630,000)	-	-	2,220	(654,081)				
Fund balances - beginning	24,179	5,455,731	3,212,742	9,295,000	-	-	74,940	18,062,592				
Fund balances - ending	\$ 24,692	\$ 4,955,382	\$ 3,686,277	\$ 8,665,000	\$ -	\$ -	\$ 77,160	\$ 17,408,511				

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, 2019

	2019			
	2019-2020 Biennial		Actual	Variance with GAAP Basis
	Budgeted Amounts	Original	Final	
REVENUES				
Investment income	\$ 800	\$ 800	\$ 513	\$ (287)
Miscellaneous revenues	580,000	580,000	269,016	(310,984)
Total revenues	580,800	580,800	269,529	(311,271)
EXPENDITURES				
Debt service:				
Principal	390,000	390,000	190,000	(200,000)
Interest and related charges	154,176	154,176	79,016	(75,160)
Total expenditures	544,176	544,176	269,016	(275,160)
Revenues over (under) expenditures	36,624	36,624	513	(36,111)
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	36,624	36,624	513	(36,111)
Fund balances - beginning	68,838	24,424	24,179	(245)
Fund balances - ending	\$ 105,462	\$ 61,048	\$ 24,692	\$ (36,356)

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, 2019

	2019			
	2019-2020 Biennial		Actual	Variance with GAAP Basis
	Budgeted Amounts	Original	Final	
REVENUES				
Miscellaneous revenues	\$ 414,567	\$ 414,567	\$ 216,939	\$ (197,628)
Total revenues	414,567	414,567	216,939	(197,628)
EXPENDITURES				
Debt service:				
Principal	1,100,000	1,100,000	530,000	(570,000)
Interest and related charges	363,376	363,376	187,288	(176,088)
Total expenditures	1,463,376	1,463,376	717,288	(746,088)
Revenues over (under) expenditures	(1,048,809)	(1,048,809)	(500,349)	548,460
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	(1,048,809)	(1,048,809)	(500,349)	548,460
Fund balances - beginning	-	-	5,455,731	5,455,731
Fund balances - ending	\$ (1,048,809)	\$ (1,048,809)	\$ 4,955,382	\$ 6,004,191

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, 2019

	2019			
	2019-2020 Biennial		Actual	Variance with Final Budget
	Budgeted Amounts	Original	Final	
REVENUES				
Charges for services	\$ 746,536	\$ 746,536	\$ -	\$ (746,536)
Investment income	46,938	46,938	98,827	51,889
Miscellaneous revenues	-	-	374,708	374,708
Total revenues	793,474	793,474	473,535	(319,939)
EXPENDITURES				
Total expenditures	-	-	-	-
Revenues over (under) expenditures	793,474	793,474	473,535	(319,939)
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	793,474	793,474	473,535	(319,939)
Fund balances - beginning	3,010,640	3,245,494	3,212,742	(32,752)
Fund balances - ending	\$ 3,804,114	\$ 4,038,968	\$ 3,686,277	\$ (352,691)

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, 2019

	2019			
	2019-2020 Biennial		Actual	Variance with GAAP Basis
	Budgeted Amounts	Original	Final	
REVENUES				
Miscellaneous revenues	\$ 608,350	\$ 608,350	\$ 309,600	\$ (298,750)
Total revenues	608,350	608,350	309,600	(298,750)
EXPENDITURES				
Debt service:				
Principal	1,320,000	1,320,000	630,000	(690,000)
Interest and related charges	608,350	608,350	309,600	(298,750)
Total expenditures	1,928,350	1,928,350	939,600	(988,750)
Revenues over (under) expenditures	(1,320,000)	(1,320,000)	(630,000)	690,000
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	(1,320,000)	(1,320,000)	(630,000)	690,000
Fund balances - beginning	-	-	9,295,000	9,295,000
Fund balances - ending	\$ (1,320,000)	\$ (1,320,000)	\$ 8,665,000	\$ 9,985,000

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, 2019

		2019			
		2019-2020 Biennial		Actual	Variance with GAAP Basis
		Budgeted Amounts	Original	Final	
REVENUES					
Total revenues			-	-	-
EXPENDITURES					
Debt service:					
Principal		29,081	29,081	14,033	(15,048)
Interest and related charges		6,847	6,847	3,930	(2,917)
Total expenditures		35,928	35,928	17,963	(17,965)
Revenues over (under) expenditures		(35,928)	(35,928)	(17,963)	17,965
OTHER FINANCING SOURCES (USES)					
Transfers in		35,928	35,928	17,963	(17,965)
Total other financing sources and (uses)		35,928	35,928	17,963	(17,965)
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, 2019

	2019			
	2019-2020 Biennial		Actual	Variance with GAAP Basis
	Budgeted Amounts	Original	Final	
REVENUES				
Total revenues		-	-	-
EXPENDITURES				
Debt service:				
Principal	1,029,154	1,029,154	533,183	(495,971)
Interest and related charges	260,720	260,720	139,158	(121,562)
Total expenditures	1,289,874	1,289,874	672,341	(617,533)
Revenues over (under) expenditures	(1,289,874)	(1,289,874)	(672,341)	617,533
OTHER FINANCING SOURCES (USES)				
Transfers in	1,289,874	1,289,874	672,341	(617,533)
Total other financing sources and (uses)	1,289,874	1,289,874	672,341	(617,533)
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, 2019

			2019		
	2019-2020 Biennial		Actual Amounts GAAP Basis	Variance with Final Budget	
	Budgeted Amounts	Original Final			
REVENUES					
Investment income	\$ -	\$ -	\$ 2,220	\$ 2,220	
Total revenues	-	-	2,220	2,220	
EXPENDITURES					
Total expenditures	-	-	-	-	
Revenues over (under) expenditures	-	-	2,220	2,220	
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	-	
Total other financing sources and (uses)	-	-	-	-	
Net change in fund balances	-	-	2,220	2,220	
Fund balances - beginning	67,849	75,704	74,940	(764)	
Fund balances - ending	\$ 67,849	\$ 75,704	\$ 77,160	\$ 1,456	



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, 2019

	Waterfront Construction
ASSETS	
Cash and cash equivalents	\$ 1,481,089
Investments	5,808,495
Receivables, net	9,011
Due from other funds	62,652
Total assets	<u>7,361,247</u>
LIABILITIES	
Due to other funds	764
Total liabilities	<u>764</u>
FUND BALANCES	
Restricted	7,360,483
Total fund balances	<u>7,360,483</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,361,247</u>

CITY OF BELLINGHAM
Statement of Revenues, Expenditures and Changes in Fund Balance
Capital Project Fund
For the Year Ended December 31, 2019

	<u>Waterfront Construction</u>
REVENUES	
<i>Taxes:</i>	
Property	\$ 64,191
Sales and use	1,000,000
Investment income	187,380
Total revenues	<u>1,251,571</u>
EXPENDITURES	
Total expenditures	<u>-</u>
Revenues over (under) expenditures	1,251,571
OTHER FINANCING SOURCES (USES)	
Total other financing sources and (uses)	<u>-</u>
Net change in fund balances	1,251,571
Fund balances - beginning	6,108,912
Fund balances - ending	<u>\$ 7,360,483</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Waterfront Construction
From Inception and For the Year Ended December 31, 2019

	Total Project Budgeted	Prior Years' Actuals	Current Year Actuals	Total Actuals to Date
REVENUES				
Taxes:				
Property	\$ 177,913	\$ 245,409	\$ 64,191	\$ 309,600
Sales and use	6,055,300	5,880,741	1,000,000	6,880,741
Investment income	125,410	113,473	187,380	300,853
Total revenues	6,358,623	6,239,623	1,251,571	7,491,194
EXPENDITURES				
Capital outlay	627,980	499,970	-	499,970
Total expenditures	627,980	499,970	-	499,970
Revenues over (under) expenditures	5,730,643	5,739,653	1,251,571	6,991,224
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	5,855,643	5,989,653	1,251,571	7,241,224
Fund balances - beginning			6,108,912	-
Prior period adjustment			-	119,259
Fund balances - ending	\$ 7,360,483	\$ 7,360,483		



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, 2019

	Greenways Maintenance Endowment	Natural Resources Protection & Restoration	Permanent Fund Totals
ASSETS			
Cash and cash equivalents	\$ 951,755	\$ 760,634	\$ 1,712,389
Investments	3,732,564	2,983,030	6,715,594
Due from component units	-	1,127,224	1,127,224
Interfund loans receivable	1,255,072	-	1,255,072
Total assets	5,939,391	4,870,888	10,810,279
LIABILITIES			
Total liabilities	-	-	-
FUND BALANCES			
Nonspendable	5,939,391	4,000,000	9,939,391
Restricted	-	870,888	870,888
Total fund balances	5,939,391	4,870,888	10,810,279
Total liabilities, deferred inflows of resources and fund balances	\$ 5,939,391	\$ 4,870,888	\$ 10,810,279

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Permanent Funds
For the Year Ended December 31, 2019

	Greenways Maintenance	Natural Resources Protection & Endowment	Permanent Fund Totals
REVENUES			
Investment income	\$ 56,151	\$ 143,320	\$ 199,471
Total revenues	56,151	143,320	199,471
EXPENDITURES			
Current:			
Natural and economic environment	-	9,007	9,007
Cultural and recreation	13,795	-	13,795
Total expenditures	13,795	9,007	22,802
Revenues over (under) expenditures	42,356	134,313	176,669
OTHER FINANCING SOURCES (USES)			
Total other financing sources and (uses)	-	-	-
Net change in fund balances	42,356	134,313	176,669
Fund balances - beginning	5,897,035	4,736,575	10,633,610
Fund balances - ending	\$ 5,939,391	\$ 4,870,888	\$ 10,810,279

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, 2019

	2019			
	2019-2020 Biennial		Actual Amounts GAAP Basis	Variance with Final Budget
	Budgeted Amounts	Original		
REVENUES				
Investment income	\$ 77,568	\$ 77,568	\$ 56,151	\$ (21,417)
Total revenues	77,568	77,568	56,151	(21,417)
EXPENDITURES				
Current:				
Cultural and recreation	27,589	27,589	13,795	(13,794)
Total expenditures	27,589	27,589	13,795	(13,794)
Revenues over (under) expenditures	49,979	49,979	42,356	(7,623)
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	49,979	49,979	42,356	(7,623)
Fund balances - beginning	4,086,848	4,172,306	5,897,035	1,724,729
Fund balances - ending	\$ 4,136,827	\$ 4,222,285	\$ 5,939,391	\$ 1,717,106

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, 2019

	2019			
	2019-2020 Biennial		Actual	Variance with Final Budget
	Budgeted Amounts	Original	Final	
REVENUES				
Investment income	\$ 156,032	\$ 156,032	\$ 143,320	\$ (12,712)
Total revenues	156,032	156,032	143,320	(12,712)
EXPENDITURES				
Current:				
Natural and economic environment	932,727	18,014	9,007	(9,007)
Total expenditures	932,727	18,014	9,007	(9,007)
Revenues over (under) expenditures	(776,695)	138,018	134,313	(3,705)
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	(776,695)	138,018	134,313	(3,705)
Fund balances - beginning	3,422,335	3,641,031	4,736,575	1,095,544
Fund balances - ending	\$ 2,645,640	\$ 3,779,049	\$ 4,870,888	\$ 1,091,839



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, 2019

	Cemetery	Golf Course	Parking	Medic One	Development Services	Nonmajor Enterprise Fund Totals
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ 352	\$ 568,948	\$ 30,014	\$ 1,548,939	\$ 2,148,253
Investments	-	1,379	2,231,287	117,707	6,074,587	8,424,960
Receivables, net	2,183	6	326,658	155,606	24,696	509,149
Due from other governments	-	-	-	1,154,319	-	1,154,319
Inventory	-	47,957	-	-	-	47,957
Total current assets	2,183	49,694	3,126,893	1,457,646	7,648,222	12,284,638
Noncurrent assets:						
Restricted cash and cash equivalents	83,853	-	-	-	-	83,853
Restricted investments	328,854	-	-	-	-	328,854
Capital assets, nondepreciable:						
Land	359,274	-	1,109,904	52,457	-	1,521,635
Capital assets, net of depreciation:						
Buildings	23,516	268,333	2,060,222	179,325	-	2,531,396
Improvements	-	180,138	349,135	-	-	529,273
Machinery and equipment	-	42,037	-	420,549	-	462,586
Net pension asset	-	-	-	803,216	183,711	986,927
Total noncurrent assets	795,497	490,508	3,519,261	1,455,547	183,711	6,444,524
Total assets	797,680	540,202	6,646,154	2,913,193	7,831,933	18,729,162
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions	5,827	1,183	11,132	133,181	111,390	262,713
Total deferred outflows of resources	5,827	1,183	11,132	133,181	111,390	262,713
LIABILITIES						
Current liabilities:						
Accounts payable	1,393	30,159	770,945	307,759	11,571	1,121,827
Accrued wages and benefits	5,331	1,726	15,765	64,011	116,312	203,145
Due to other funds	-	95,612	-	-	-	95,612
Other current liabilities	76,670	23,820	18,234	-	-	118,724
Current portion of noncurrent liabilities:						
Compensated absences	15,910	2,542	11,188	172,704	154,758	357,102
Total current liabilities	99,304	153,859	816,132	544,474	282,641	1,896,410
Noncurrent liabilities:						
Compensated absences	266	-	-	2,781	1,118	4,165
Net pension liability	21,342	4,334	40,776	179,362	337,464	583,278
Total noncurrent liabilities	21,608	4,334	40,776	182,143	338,582	587,443
Total liabilities	120,912	158,193	856,908	726,617	621,223	2,483,853
DEFERRED INFLOWS OF RESOURCES						
Related to pensions	12,292	2,496	23,484	362,027	253,530	653,829
Total deferred inflows of resources	12,292	2,496	23,484	362,027	253,530	653,829
NET POSITION						
Net investment in capital assets	382,790	490,508	3,519,261	652,331	-	5,044,890
Restricted:						
Cemetery endowment / preneed	336,037	-	-	-	-	336,037
Pension asset	-	-	-	803,216	183,711	986,927
Rental property inspections	-	-	-	-	480,234	480,234
Unrestricted	(48,524)	(109,812)	2,257,633	502,183	6,404,625	9,006,105
Total net position	\$ 670,303	\$ 380,696	\$ 5,776,894	\$ 1,957,730	\$ 7,068,570	\$ 15,854,193

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2019

	Cemetery	Golf Course	Parking	Medic One	Development Services	Nonmajor Enterprise Fund Totals
Operating revenues:						
Sales of merchandise	\$ 83,188	\$ 265,221	\$ -	\$ -	\$ -	\$ 348,409
Less: Cost of goods sold	(29,892)	(140,728)	-	-	-	(170,620)
Charges for services	232,980	874,710	2,173,553	6,721,225	4,156,191	14,158,659
Total operating revenues	286,276	999,203	2,173,553	6,721,225	4,156,191	14,336,448
Operating expenses:						
Labor	152,841	32,502	290,498	5,816,534	2,375,443	8,667,818
Supplies	16,694	-	768,655	381,484	13,047	1,179,880
Services	158,173	996,249	2,199,403	1,139,662	631,371	5,124,858
Depreciation	2,940	48,695	123,925	160,100	-	335,660
Taxes	3,539	30,996	3,295	19	-	37,849
Insurance	5,426	2,004	9,443	14,122	13,312	44,307
Total operating expenses	339,613	1,110,446	3,395,219	7,511,921	3,033,173	15,390,372
Operating income (loss)	(53,337)	(111,243)	(1,221,666)	(790,696)	1,123,018	(1,053,924)
Nonoperating revenues (expenses):						
External operating grants and subsidies	-	-	-	460,644	7,885	468,529
Operating assessments and tax levies	-	-	-	867,972	-	867,972
Investment interest	7,189	(412)	47,899	17,049	117,877	189,602
Net incr (decr) in fair value of investments	5,527	889	39,368	15,278	89,044	150,106
Other nonoperating revenues	231	-	1,752	3,323	-	5,306
Other nonoperating expenses	-	(24)	-	(856,816)	-	(856,840)
Total nonoperating revenues (expenses)	12,947	453	89,019	507,450	214,806	824,675
Income (loss) before contributions and transfers	(40,390)	(110,790)	(1,132,647)	(283,246)	1,337,824	(229,249)
Transfers in	44,000	-	40,000	-	-	84,000
Transfers out	-	(81,000)	(100,000)	-	-	(181,000)
Change in net position	3,610	(191,790)	(1,192,647)	(283,246)	1,337,824	(326,249)
Net position - beginning	666,693	572,486	6,969,541	2,240,976	5,730,746	16,180,442
Net position - ending	\$ 670,303	\$ 380,696	\$ 5,776,894	\$ 1,957,730	\$ 7,068,570	\$ 15,854,193

CITY OF BELLINGHAM
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2019

	Cemetery	Golf Course	Parking	Medic One	Development Services	Nonmajor Enterprise Fund Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from outside customers	\$ 310,065	\$ 1,150,886	\$ 2,330,533	\$ 5,702,373	\$ 4,156,211	\$ 13,650,068
Payments to employees	(163,240)	(30,641)	(309,398)	(5,913,892)	(2,575,052)	(8,992,223)
Payments to suppliers and service providers	(99,173)	(1,113,582)	(926,312)	(805,423)	(336,801)	(3,281,291)
Payments for interfund services used	(119,169)	(11,374)	(1,427,762)	(673,586)	(436,264)	(2,668,155)
Other receipts	231	-	1,752	3,323	-	5,306
Other payments	-	(24)	-	-	-	(24)
Net cash from operating activities	(71,286)	(4,735)	(331,187)	(1,687,205)	808,094	(1,286,319)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in from other funds	44,000	-	40,000	-	-	84,000
Transfers out to other funds	-	(81,000)	(100,000)	-	-	(181,000)
Operating grants and loans	-	-	-	426,168	-	426,168
Excise tax receipts	-	-	-	856,816	-	856,816
Taxes passed to other governments	-	-	-	(856,816)	-	(856,816)
Net cash from noncapital financing activities	44,000	(81,000)	(60,000)	426,168	-	329,168
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES						
Purchases of capital assets	-	-	-	(84,856)	-	(84,856)
Net cash from capital financing activities	-	-	-	(84,856)	-	(84,856)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sales and maturity of investments	184,316	78,250	1,388,790	1,051,051	2,437,804	5,140,211
Purchase of investments	(189,287)	(14,125)	(1,284,320)	(67,752)	(3,496,510)	(5,051,994)
Interest and dividends received	7,077	(169)	47,666	20,752	112,139	187,465
Net cash from investment activities	2,106	63,956	152,136	1,004,051	(946,567)	275,682
Net increase (decrease) in cash and equivalents	(25,180)	(21,779)	(239,051)	(341,842)	(138,473)	(766,325)
Cash and cash equivalents - beginning of year	109,033	22,131	807,999	371,856	1,687,412	2,998,431
Cash and cash equivalents - end of year	\$ 83,853	\$ 352	\$ 568,948	\$ 30,014	\$ 1,548,939	\$ 2,232,106
Reconciliation of operating income (loss) to net cash from operating activities:						
Operating income (loss)	\$ (53,337)	\$ (111,243)	\$ (1,221,666)	\$ (790,696)	\$ 1,123,018	\$ (1,053,924)
<i>Adjustments to reconcile operating income (loss) to net cash from operating activities:</i>						
Depreciation	2,940	48,695	123,925	160,100	-	335,660
Pension expense - proportionate share	(9,213)	(702)	(19,026)	(140,426)	(185,119)	(354,486)
Miscellaneous income	231	-	1,752	3,323	-	5,306
Miscellaneous expenses	-	(24)	-	-	-	(24)
(Increase) decrease in accounts receivable	(263)	(115)	78,906	(6,849)	20	71,699
(Increase) decrease in due from other funds	-	95,612	-	-	-	95,612
(Increase) decrease in due from other governments	-	-	30	(1,012,003)	-	(1,011,973)
(Increase) decrease in inventories	-	(47,957)	-	-	-	(47,957)
Increase (decrease) in accounts payable	(4,618)	(2,634)	704,048	56,278	(115,334)	637,740
Increase (decrease) in wages and benefits payable	(1,452)	2,563	126	48,356	(5,917)	43,676
Increase (decrease) in revenues collected in advance	(5,840)	11,070	-	-	-	5,230
Increase (decrease) in other current liabilities	-	-	718	-	-	718
Increase (decrease) in other long-term liabilities	266	-	-	(5,288)	(8,574)	(13,596)
Total Adjustments	(17,949)	106,508	890,479	(896,509)	(314,924)	(232,395)
Net cash from operating activities	\$ (71,286)	\$ (4,735)	\$ (331,187)	\$ (1,687,205)	\$ 808,094	\$ (1,286,319)
Schedule of noncash activities:						
Net change in fair value of investments	5,527	889	39,368	15,278	89,044	150,106



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, 2019

	Fleet Administration	Purchasing Materials Management	Facilities Administration	Technology & Telecom	Claims & Litigation
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,620,878	\$ 272,761	\$ 357,083	\$ 801,237	\$ 1,042,127
Investments	6,356,715	1,069,706	1,400,398	3,142,267	4,086,986
Receivables, net	201,115	4,352	7,933	12,860	16,629
Due from other governments	39,196	-	3,992	1,058	-
Inventory	-	543,366	-	-	-
Prepaid items	-	-	-	-	-
Restricted cash and cash equivalents	-	-	1,925	-	-
Restricted investments	-	-	7,552	-	-
Total current assets	8,217,904	1,890,185	1,778,883	3,957,422	5,145,742
Noncurrent assets:					
Capital assets, nondepreciable:					
Land	-	-	40,102	-	-
Construction in progress	681,531	-	1,576	622,713	-
Capital assets, net of depreciation:					
Buildings	-	-	995,766	-	-
Improvements	1,546,471	-	3,412,844	-	-
Machinery and equipment	14,641,720	-	24,782	175,633	-
Intangibles - software	-	-	166,247	-	-
Total noncurrent assets	16,869,722	-	4,475,070	964,593	-
Total assets	25,087,626	1,890,185	6,253,953	4,922,015	5,145,742
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions	53,579	34,526	76,898	23,636	7,882
Total deferred outflows of resources	53,579	34,526	76,898	23,636	7,882
LIABILITIES					
Current liabilities:					
Accounts payable	300,039	62,312	364,614	88,487	21,294
Accrued wages and benefits	62,717	41,630	92,374	33,104	9,215
Due to other governments	-	-	-	-	-
Other current liabilities	-	-	3,618	-	-
Unearned revenue	30,000	-	-	-	-
Current portion of noncurrent liabilities:					
Compensated absences	69,222	34,326	99,716	42,103	16,260
Claims and judgments payable	-	-	-	-	355,067
Total current liabilities	461,978	138,268	560,322	163,694	401,836
Noncurrent liabilities:					
Bonds payable, net	-	-	6,100,000	-	-
Compensated absences	12,850	185	13,595	4,698	-
Claims and judgments payable	-	-	-	-	325,000
Other noncurrent liabilities	305,000	-	-	-	-
Net pension liability	196,257	126,468	281,675	86,578	28,871
Total noncurrent liabilities	514,107	126,653	6,395,270	91,276	353,871
Total liabilities	976,085	264,921	6,955,592	254,970	755,707
DEFERRED INFLOWS OF RESOURCES					
Related to pensions	113,029	72,836	162,223	49,862	16,627
Total deferred inflows of resources	113,029	72,836	162,223	49,862	16,627
NET POSITION					
Net investment in capital assets	16,869,722	-	4,466,987	964,593	-
Unrestricted	7,182,369	1,586,954	(5,253,951)	3,676,226	4,381,290
Total net position	\$ 24,052,091	\$ 1,586,954	\$ (786,964)	\$ 4,640,819	\$ 4,381,290

CITY OF BELLINGHAM
Combining Statement of Net Position
Internal Service Funds
December 31, 2019

	Workers	PW		
	Unemployment Compensation Compensation Self-Insurance	Health Benefits	Administration & Engineering	Internal Service Fund Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 130,730	\$ 293,059	\$ 453,038	\$ 5,412,182
Investments	512,694	1,149,312	1,776,714	21,225,350
Receivables, net	2,086	4,676	7,229	7,041
Due from other governments	-	-	-	44,246
Inventory	-	-	-	543,366
Prepaid items	-	140,301	723,869	864,170
Restricted cash and cash equivalents	-	-	-	1,925
Restricted investments				7,552
Total current assets	645,510	1,587,348	2,960,850	28,362,712
Noncurrent assets:				
Capital assets, nondepreciable:				
Land	-	-	-	40,102
Construction in progress	-	-	-	1,305,820
Capital assets, net of depreciation:				
Buildings	-	-	-	995,766
Improvements	-	-	-	4,959,315
Machinery and equipment	-	-	-	14,842,135
Intangibles - software	-	-	-	166,247
Total noncurrent assets	-	-	-	22,309,385
Total assets	645,510	1,587,348	2,960,850	50,672,097
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	312	2,557	9,980	198,289
Total deferred outflows of resources	312	2,557	9,980	198,289
LIABILITIES				
Current liabilities:				
Accounts payable	3,967	55,027	797,830	21,305
Accrued wages and benefits	360	3,210	104,876	244,411
Due to other governments	15,825	-	68,240	-
Other current liabilities	-	-	12,691	712,965
Unearned revenue	-	-	-	30,000
Current portion of noncurrent liabilities:				
Compensated absences	807	2,206	10,223	235,179
Claims and judgments payable	80,677	327,262	-	763,006
Total current liabilities	101,636	387,705	993,860	1,213,860
Noncurrent liabilities:				
Bonds payable, net	-	-	-	6,100,000
Compensated absences	-	-	-	32,190
Claims and judgments payable	-	-	-	325,000
Other noncurrent liabilities	-	-	-	305,000
Net pension liability	1,142	9,365	36,559	726,327
Total noncurrent liabilities	1,142	9,365	36,559	1,493,242
Total liabilities	102,778	397,070	1,030,419	1,972,377
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	658	5,394	21,055	418,309
Total deferred inflows of resources	658	5,394	21,055	418,309
NET POSITION				
Net investment in capital assets	-	-	-	22,301,302
Unrestricted	542,386	1,187,441	1,919,356	(13,529)
Total net position	\$ 542,386	\$ 1,187,441	\$ 1,919,356	\$ 37,509,844

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2019

	Fleet Administration	Purchasing Materials Management	Facilities Administration	Technology & Telecom	Claims & Litigation
Operating revenues:					
Sales of merchandise	\$ -	\$ 2,278,463	\$ -	\$ -	\$ -
Less: Cost of goods sold	- -	(1,102,199)	- -	- -	- -
Charges for services	5,896,056	147,585	4,386,516	1,896,723	958,518
Total operating revenues	5,896,056	1,323,849	4,386,516	1,896,723	958,518
Operating expenses:					
Labor	1,409,387	935,171	2,036,563	643,327	207,764
Supplies	1,328,573	40,355	331,676	757,654	3,862
Services	1,324,593	442,159	2,681,919	759,570	372,156
Depreciation	1,878,303	- -	69,473	111,541	- -
Taxes	1,280	- -	68	23	- -
Insurance	15,610	5,367	11,457	- -	580,648
Claims	- -	- -	- -	- -	415,436
Total operating expenses	5,957,746	1,423,052	5,131,156	2,272,115	1,579,866
Operating income (loss)	(61,690)	(99,203)	(744,640)	(375,392)	(621,348)
Nonoperating revenues (expenses):					
External operating grants and subsidies	- -	- -	220,956	- -	614
Operating assessments and tax levies	790,517	- -	- -	- -	- -
Investment interest	119,760	22,341	22,781	63,240	86,052
Net incr (decr) in fair value of investments	104,924	18,110	19,034	52,808	70,046
Interest expense and related charges	- -	- -	(332,030)	- -	- -
Gain (loss) on sale of capital assets	38,864	- -	- -	- -	- -
Other nonoperating revenues	74,802	308	76,348	- -	- -
Total nonoperating revenues (expenses)	1,128,867	40,759	7,089	116,048	156,712
Income (loss) before contributions and transfers	1,067,177	(58,444)	(737,551)	(259,344)	(464,636)
Transfers in	1,530,319	- -	4,450,000	415,000	- -
Transfers out	(400,000)	- -	- -	- -	- -
Change in net position	2,197,496	(58,444)	3,712,449	155,656	(464,636)
Net position - beginning	21,854,595	1,645,398	(4,499,413)	4,485,163	4,845,926
Net position - ending	\$ 24,052,091	\$ 1,586,954	\$ (786,964)	\$ 4,640,819	\$ 4,381,290

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2019

	Unemployment Compensation	Workers Compensation Self-Insurance	Health Benefits	PW Administration & Engineering	Internal Service Fund Totals
Operating revenues:					
Sales of merchandise	\$ -	\$ -	\$ -	\$ -	\$ 2,278,463
Less: Cost of goods sold	-	-	-	-	(1,102,199)
Charges for services	140,245	567,858	2,803,794	8,047,036	24,844,331
Total operating revenues	140,245	567,858	2,803,794	8,047,036	26,020,595
Operating expenses:					
Labor	8,472	67,613	119,935	5,213,664	10,641,896
Supplies	-	170	27,062	189,686	2,679,038
Services	9,932	109,107	331,947	1,556,167	7,587,550
Depreciation	-	-	-	-	2,059,317
Taxes	-	-	700	123	2,194
Insurance	-	90,638	-	37,825	741,545
Claims	69,559	302,223	688,705	-	1,475,923
Total operating expenses	87,963	569,751	1,168,349	6,997,465	25,187,463
Operating income (loss)	52,282	(1,893)	1,635,445	1,049,571	833,132
Nonoperating revenues (expenses):					
External operating grants and subsidies	-	-	-	-	221,570
Operating assessments and tax levies	-	-	-	-	790,517
Investment interest	10,160	24,752	23,995	15,804	388,885
Net incr (decr) in fair value of investments	7,727	19,477	12,023	20,797	324,946
Interest expense and related charges	-	-	-	-	(332,030)
Gain (loss) on sale of capital assets	-	-	-	-	38,864
Other nonoperating revenues	-	-	7,493	4,692	163,643
Total nonoperating revenues (expenses)	17,887	44,229	43,511	41,293	1,596,395
Income (loss) before contributions and transfers	70,169	42,336	1,678,956	1,090,864	2,429,527
Transfers in	-	-	-	100,000	6,495,319
Transfers out	-	-	-	(415,000)	(815,000)
Change in net position	70,169	42,336	1,678,956	775,864	8,109,846
Net position - beginning	472,217	1,145,105	240,400	(789,393)	29,399,998
Net position - ending	\$ 542,386	\$ 1,187,441	\$ 1,919,356	\$ (13,529)	\$ 37,509,844

CITY OF BELLINGHAM
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2019

	Fleet Administration	Purchasing Materials Management	Facilities Administration	Technology & Telecom	Claims & Litigation
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from outside customers	\$ -	\$ -	\$ -	\$ 3,835	\$ -
Receipts from interfund services provided	5,798,581	2,426,048	4,390,543	1,893,262	958,518
Payments to employees	(1,475,543)	(949,812)	(2,142,952)	(644,085)	(218,675)
Payments to suppliers and service providers	(2,238,291)	(1,241,755)	(2,117,231)	(1,407,327)	(653,213)
Payments to claimants	-	-	-	-	(415,436)
Payments for interfund services used	(739,471)	(335,570)	(751,316)	(67,857)	(142,259)
Other receipts	74,653	308	76,348	-	614
Net cash from operating activities	1,419,929	(100,781)	(544,608)	(222,172)	(470,451)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	-	-	4,450,000	415,000	-
Transfers out to other funds	(400,000)	-	-	-	-
Operating grants and loans	-	-	217,339	-	-
Interest payments on operating debt	-	-	(332,030)	-	-
Excise tax receipts	780,890	-	-	-	-
Net cash from noncapital financing activities	380,890	-	4,335,309	415,000	-
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	600,000	-	-	-	-
Purchases of capital assets	(2,852,253)	-	(3,439,410)	(447,622)	-
Sale of capital assets	133,501	-	-	-	-
Net cash from capital financing activities	(2,118,752)	-	(3,439,410)	(447,622)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturity of investments	5,489,808	609,285	446,186	1,791,865	2,391,006
Purchase of investments	(5,727,758)	(615,719)	(810,410)	(1,839,732)	(2,352,453)
Interest and dividends received	117,059	22,014	20,991	62,170	85,043
Net cash from investment activities	(120,891)	15,580	(343,233)	14,303	123,596
Net increase (decrease) in cash and equivalents	(438,824)	(85,201)	8,058	(240,491)	(346,855)
Cash and cash equivalents - beginning of year	2,059,702	357,962	350,950	1,041,728	1,388,982
Cash and cash equivalents - end of year	\$ 1,620,878	\$ 272,761	\$ 359,008	\$ 801,237	\$ 1,042,127
Reconciliation of operating income (loss) to net cash from operating activities:					
Operating income (loss)	\$ (61,690)	\$ (99,203)	\$ (744,640)	\$ (375,392)	\$ (621,348)
<i>Adjustments to reconcile operating income (loss) to net cash from operating activities:</i>					
Depreciation	1,878,303	-	69,473	111,541	-
Pension expense - proportionate share	(83,601)	(25,869)	(101,445)	(16,118)	(11,550)
Fleet donations	24,462	-	-	-	-
Miscellaneous income	74,653	308	76,348	-	614
(Increase) decrease in accounts receivable	(25,977)	-	409	31	-
(Increase) decrease in due from other governments	(35,346)	-	-	343	-
(Increase) decrease in inventories	-	16,041	-	-	-
(Increase) decrease in prepaid items	-	-	-	-	-
Increase (decrease) in accounts payable	(328,320)	(3,286)	156,573	42,063	6,127
Increase (decrease) in wages and benefits payable	8,667	11,662	784	13,179	639
Increase (decrease) in revenues collected in advance	-	-	3,618	-	-
Increase (decrease) in due to other governments	-	-	-	-	-
Increase (decrease) in other current liabilities	-	-	-	-	(4,933)
Increase (decrease) in other long-term liabilities	(31,222)	(434)	(5,728)	2,181	160,000
Total Adjustments	1,481,619	(1,578)	200,032	153,220	150,897
Net cash from operating activities	\$ 1,419,929	\$ (100,781)	\$ (544,608)	\$ (222,172)	\$ (470,451)
Schedule of noncash activities:					
Net change in fair value of investments	104,924	18,110	19,034	52,808	70,046
Fleet donations	930,319	-	-	-	-

CITY OF BELLINGHAM
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2019

	Workers	PW		
	Unemployment Compensation	Compensation Self-Insurance	Health Benefits	Administration & Engineering
				Internal Service Fund Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from outside customers	\$ -	\$ -	\$ -	\$ 173,548
Receipts from interfund services provided	140,245	567,858	17,221,216	7,873,488
Payments to employees	(8,477)	(70,911)	(258,510)	(5,568,922)
Payments to suppliers and service providers	-	-	(14,407,496)	(62,845)
Payments to claimants	(74,891)	(586,889)	(688,705)	-
Payments for interfund services used	(9,932)	(20,920)	(233,813)	(1,402,824)
Other receipts	-	-	7,493	4,692
Net cash from operating activities	46,945	(110,862)	1,640,185	1,017,137
				2,675,322
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in from other funds	-	-	-	100,000
Transfers out to other funds	-	-	-	(415,000)
Operating grants and loans	-	-	-	217,339
Interest payments on operating debt	-	-	-	(332,030)
Excise tax receipts	-	-	-	780,890
Net cash from noncapital financing activities	-	-	-	(315,000)
				4,816,199
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Transfers in from other funds	-	-	-	600,000
Purchases of capital assets	-	-	-	(6,739,285)
Sale of capital assets	-	-	-	133,501
Net cash from capital financing activities	-	-	-	(6,005,784)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturity of investments	221,437	655,993	-	356,000
Purchase of investments	(295,105)	(661,540)	(1,348,172)	(996,103)
Interest and dividends received	9,735	24,406	18,370	12,883
Net cash from investment activities	(63,933)	18,859	(1,329,802)	(627,220)
				(2,312,741)
Net increase (decrease) in cash and equivalents	(16,988)	(92,003)	310,383	74,917
Cash and cash equivalents - beginning of year	147,718	385,062	142,655	366,352
Cash and cash equivalents - end of year	\$ 130,730	\$ 293,059	\$ 453,038	\$ 441,269
				\$ 5,414,107
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	\$ 52,282	\$ (1,893)	\$ 1,635,445	\$ 1,049,571
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	-	-	-	2,059,317
Pension expense - proportionate share	(241)	(3,487)	(157,664)	(287,838)
Fleet donations	-	-	-	24,462
Miscellaneous income	-	-	7,493	4,692
(Increase) decrease in accounts receivable	-	-	-	(25,537)
(Increase) decrease in due from other governments	-	-	-	(35,003)
(Increase) decrease in inventories	-	-	-	16,041
(Increase) decrease in prepaid items	-	(86,700)	(711,340)	(798,040)
Increase (decrease) in accounts payable	(16,934)	(4,750)	789,372	2,907
Increase (decrease) in wages and benefits payable	236	189	19,089	(35,876)
Increase (decrease) in revenues collected in advance	-	-	-	3,618
Increase (decrease) in due to other governments	15,825	-	64,137	-
Increase (decrease) in other current liabilities	-	-	(6,347)	315,220
Increase (decrease) in other long-term liabilities	(4,223)	(14,221)	-	303,940
Total Adjustments	(5,337)	(108,969)	4,740	(32,434)
Net cash from operating activities	\$ 46,945	\$ (110,862)	\$ 1,640,185	\$ 1,017,137
				\$ 2,675,322
Schedule of noncash activities:				
Net change in fair value of investments	7,727	19,477	12,023	20,797
Fleet donations	-	-	-	930,319



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 <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>	181
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	187
Debt Capacity <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>	192
Demographic and Economic Information <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>	197
Operating Information <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>	200

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<i>Governmental activities</i>										
Net investment in capital assets	\$ 314,661,962	\$ 324,665,481	\$ 324,871,812	\$ 333,862,114	\$ 342,989,683	\$ 362,378,047	\$ 366,839,801	\$ 378,166,235	\$ 406,476,617	
Restricted	48,368,976	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	26,536,419	3,956,622	10,683,052	23,564,996	27,350,712	(21,127,164)	(20,525,708)	(2,524,122)	(10,435,280)	
Total governmental activities net position	\$ 390,267,417	\$ 388,311,467	\$ 398,771,068	\$ 419,552,514	\$ 440,708,587	\$ 429,564,818	\$ 449,544,337	\$ 478,214,941	\$ 495,833,197	\$ 545,792,808
<i>Business-type activities</i>										
Net investment in capital assets	\$ 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	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	7,104,917	(26,780,033)	19,030,468	20,202,114	36,528,460	24,174,486	35,863,739	49,068,048	57,097,498	
Total business-type activities net position	\$ 220,164,266	\$ 231,909,424	\$ 237,311,584	\$ 245,285,532	\$ 256,801,595	\$ 266,552,695	\$ 284,895,440	\$ 300,954,806	\$ 317,339,496	\$ 327,427,918
<i>Primary government</i>										
Net investment in capital assets	\$ 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	61,306,401	115,732,184	74,055,511	76,770,569	75,346,860	101,318,801	121,078,944	127,785,747	140,691,670	
Unrestricted	33,741,396	(22,823,411)	29,713,520	43,767,110	63,879,172	3,047,322	15,338,031	46,243,926	46,682,298	
Total primary government net position	\$ 610,431,683	\$ 620,220,891	\$ 636,082,652	\$ 664,838,046	\$ 697,510,152	\$ 696,117,513	\$ 734,443,777	\$ 779,169,747	\$ 813,172,663	\$ 813,220,726

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses									
Governmental activities									
General government	\$ 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	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	5,053,666	5,383,923	6,345,653	5,262,932	-	-	-	-	-
Transportation	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	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	77,989	47,024	77,562	238,327	-	158,903	154,308	186,873	187,762
Culture and recreation	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	957,318	865,859	619,606	2,277,874	1,929,924	562,560	970,283	861,915	799,658
Total governmental activities expenses	117,806,549	93,377,583	93,087,924	96,078,847	98,307,325	115,693,670	102,476,200	101,227,575	98,504,458
Business-type activities									
Water	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	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	5,109,870	5,192,484	5,550,615	5,887,978	6,470,574	6,528,425	7,597,240	8,234,425	8,428,683
Solid waste	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	518,100	526,959	534,234	557,285	553,247	477,242	624,515	475,706	288,186
Golf course	110,473	121,507	124,476	285,759	382,598	127,290	149,609	240,901	1,110,470
Parking	1,624,501	1,470,114	1,323,104	1,285,884	2,129,923	1,936,191	2,373,829	2,523,746	2,358,361
Medic one	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	1,725,177	1,608,250	1,685,449	1,870,090	1,987,886	2,378,351	2,330,614	2,840,794	3,323,520
Total business-type activities expenses	54,039,841	49,296,067	53,141,906	60,264,805	57,954,490	57,955,012	61,091,057	64,484,928	67,932,230
Total primary government expenses	\$ 171,646,390	\$ 142,673,650	\$ 146,229,830	\$ 156,343,652	\$ 156,261,815	\$ 173,648,682	\$ 163,567,257	\$ 165,712,503	\$ 166,436,688

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program Revenues										
<i>Governmental activities</i>										
Charges for services:										
General government	\$ 7,971,785	\$ 7,341,172	\$ 8,609,125	\$ 9,995,525	\$ 10,926,041	\$ 7,662,685	\$ 3,220,350	\$ 2,770,284	\$ 2,355,313	\$ 2,143,986
Public safety	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	7,393,728
Physical environment	3,306,542	3,059,867	2,986,750	2,851,207	2,932,433	1,580,528	-	-	-	-
Transportation	2,969,540	1,797,675	1,832,860	2,744,691	1,554,120	137,924	1,443,136	2,112,881	1,609,622	1,696,657
Natural and economic environment	-	30,159	21,557	13,771	148,321	-	145,319	130,670	16,151	36,295
Culture and recreation	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	3,521,355
Operating grants and contributions	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	11,532,667
Capital grants and contributions	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	6,192,930
Total governmental activities program revenues	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	32,517,619
<i>Business-type activities</i>										
Charges for services:										
Water	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	28,840,430
Wastewater	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	25,649,680
Surface and stormwater	4,832,097	5,398,976	5,326,016	6,500,655	7,202,502	8,502,059	8,437,892	8,734,819	8,635,868	9,870,144
Solid waste	196,329	220,301	236,780	209,253	236,188	193,954	-	18,538	-	-
Cemetery	326,436	301,334	274,244	275,548	281,712	318,244	385,306	337,474	280,675	286,276
Golf course	189,477	189,450	201,016	224,818	213,790	156,019	170,961	142,698	1,032,541	999,203
Parking	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	2,173,553
Medic one	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	6,721,225
Development services	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	4,156,191
Operating grants and contributions	62,035	769,988	3,722,655	1,692,473	420,099	548,128	71,400	45,824	2,050,604	944,316
Capital grants and contributions	1,437,283	1,563,673	1,118,079	1,438,295	2,412,889	7,978,361	6,549,965	3,318,479	4,507,921	2,301,005
Total business-type activities revenues	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	81,942,023
Total primary government program revenues	\$ 98,852,523	\$ 81,702,167	\$ 88,302,866	\$ 101,303,689	\$ 105,119,699	\$ 109,278,909	\$ 105,701,723	\$ 105,426,880	\$ 123,380,619	\$ 114,459,641
<i>Net revenue (expense)</i>										
Governmental activities	\$ (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)	\$ (78,557,744)
Business-type activities	<u>(3,243,825)</u>	<u>365,815</u>	<u>4,058,623</u>	<u>764,172</u>	<u>8,957,530</u>	<u>12,564,600</u>	<u>13,470,053</u>	<u>11,310,103</u>	<u>14,497,413</u>	<u>6,670,895</u>
Total primary government net expense	<u>\$ (72,793,867)</u>	<u>\$ (64,527,663)</u>	<u>\$ (57,926,964)</u>	<u>\$ (55,039,963)</u>	<u>\$ (69,035,605)</u>	<u>\$ (57,865,773)</u>	<u>\$ (60,285,623)</u>	<u>\$ (43,056,069)</u>	<u>\$ (71,886,849)</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 3 of 3

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Assets										
Taxes:										
Property	\$ 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	\$ 27,072,421
Sales and use	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	37,918,673
Business	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	2,559,299	2,466,211	3,081,317	3,275,785	3,507,729	1,023,206	1,081,410	1,040,408	1,126,888	1,125,714
Investment income	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	5,014,538
Miscellaneous revenue	12,010	338,277	-	-	125,433	1,625,021	1,061,761	2,400,214	2,078,616	2,852,368
Transfers	(687,592)	(1,455,455)	(1,411,894)	(2,763,834)	(1,304,553)	1,715,147	(1,091,620)	164,688	1,879,521	2,151,174
Total governmental activities	63,233,483	68,350,554	72,353,760	76,806,670	82,310,059	91,549,487	91,315,093	100,266,335	105,690,260	114,711,804
Business-type activities										
Business taxes	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	1,582,043
Other taxes	-	-	-	-	636,485	663,188	687,714	745,263	817,625	867,972
Investment income	597,811	773,678	774,753	(211,280)	775,424	433,883	306,063	593,805	1,193,178	2,826,410
Miscellaneous revenue	(100)	(1,535,605)	-	54,548	454,998	55,025	1,397,864	2,153,483	178,448	210,549
Transfers	687,592	1,455,455	1,411,894	2,763,834	1,304,553	(1,715,147)	1,091,620	(164,688)	(1,879,521)	(2,151,174)
Total business-type activities	2,637,886	1,945,877	3,430,774	7,991,672	3,632,164	807,763	4,876,688	4,745,259	1,751,793	3,335,800
Total primary government	\$ 65,871,379	\$ 70,296,431	\$ 75,784,534	\$ 84,758,342	\$ 85,942,223	\$ 92,357,250	\$ 96,191,781	\$ 105,011,594	\$ 107,442,053	\$ 118,047,604
Change in net position										
Governmental activities	\$ (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	\$ 36,154,060
Business-type activities	(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	10,006,695
Prior period adjustments	19,292,092.0	464,252.0	(1,995,809.0)	(1,002,978.0)	(2,128,001.0)	(29,380,114.0)	-	-	(30,383,029)	13,887,282
Total primary government	\$ 12,369,604	\$ 9,789,200	\$ 15,861,761	\$ 28,755,400	\$ 32,672,106	\$ (1,392,637)	\$ 38,326,252	\$ 44,725,971	\$ 34,002,955	\$ 60,048,037

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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 855,551	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	12,549,757	640,985	744,750	185,207	3,500	4,214	331,188	328,343	11,752	51,720
Nonspendable	-	853,834	13,410,236	17,658,044	21,273,248	20,202,023	27,151,024	34,380,195	36,740,176	54,309,033
Restricted	-	9,156,556	11,125,469	10,967,666	10,864,827	8,975,034	1,114,183	1,104,499	1,101,766	10,610,829
Committed	-	150,409	8,210,509	8,429	11,159	4,142	7,917,779	7,149,535	9,627,262	10,509,711
Assigned	-	4,708,440	4,663,166	14,508,167	16,246,739	20,113,545	22,587,604	25,354,134	32,241,438	38,703,439
Total general fund	<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>	<u>114,184,732</u>
All Other Governmental Funds										
Reserved, reported in:										
Special revenue funds	11,447,677	-	-	-	-	-	-	-	-	-
Debt service funds	9,360,229	-	-	-	-	-	-	-	-	-
Permanent funds	7,458,448	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	31,602,827	-	-	-	-	-	-	-	-	-
Permanent funds	688,451	7,880,845	20,836,763	8,766,712	9,096,202	9,545,096	45,172,181	48,512,839	9,884,136	9,939,391
Nonspendable	-	46,611,880	17,883,562	35,051,972	39,889,984	43,745,102	23,817,423	28,466,861	71,369,467	75,418,687
Restricted	-	-	1,019,540	-	-	-	-	-	-	-
Total all other governmental funds	<u>60,557,632</u>	<u>54,492,725</u>	<u>39,699,865</u>	<u>43,818,634</u>	<u>48,986,186</u>	<u>53,290,198</u>	<u>68,989,604</u>	<u>76,979,700</u>	<u>81,253,503</u>	<u>85,358,078</u>
Total governmental funds	<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>	<u>\$ 199,542,810</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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes (see schedule 5)										
Property	\$ 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	\$ 27,072,421
Sales and use	19,297,746	22,978,302	25,823,907	28,021,705	29,355,254	29,632,863	31,062,115	32,963,034	35,555,800	37,128,156
Business	23,553,576	25,365,107	26,097,371	27,314,468	27,648,814	28,884,433	31,249,275	32,565,751	33,921,912	34,513,080
Real estate excise	1,729,100	2,296,408	2,337,770	2,529,869	3,663,842	3,762,944	4,270,238	4,987,075	4,063,836	
Other	803,543	685,526	784,908	732,950	977,860	1,023,206	1,081,410	1,126,888	1,125,714	
Licenses and permits	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	1,197,004
Intergovernmental revenue	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	16,327,449
Charges for services	16,086,214	18,196,715	21,243,000	21,838,838	16,885,318	9,893,767	10,727,758	12,780,111	12,938,116	644,224
Fines and penalties	1,224,859	1,172,060	1,159,922	1,072,066	986,371	826,412	755,587	704,626		
Investment income	-	-	-	-	-	-	667,392	1,71,933	4,133,788	
Miscellaneous revenues	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	2,688,725
Total revenues	101,745,601	99,303,670	106,484,272	116,555,840	120,451,370	123,175,281	116,425,387	123,714,162	140,653,458	141,832,513
Expenditures										
General government services	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	9,527,154
Public safety	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	59,161,463
Physical environment	5,390,396	5,476,279	6,638,368	54,331	-	-	-	-	-	-
Transportation	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	13,299,576
Natural and economic environment	4,715,403	3,883,451	3,831,392	6,798,451	7,197,542	7,477,652	8,206,985	7,367,531	7,774,777	9,303,293
Social services	77,989	47,024	77,562	238,327	-	154,472	154,308	190,909	187,762	299,812
Cultural and recreation	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	17,250,349
Debt service:										
Principal	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	1,897,216
Interest and other charges	972,391	871,130	637,312	553,657	545,172	544,850	956,459	868,158	804,221	750,400
Capital outlay	14,859,164	17,739,732	9,469,488	13,663,061	16,346,125	26,396,311	8,045,683	12,568,539	32,072,541	15,313,266
Total expenditures	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	126,532,529
Excess (deficiency) of revenues over (under) expenditures	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	15,299,984
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	12,010	-	-	-	-	-	-	-	-	-
Transfers in	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	1,726,448
Transfers out	(4,206,417)	(4,967,928)	(6,756,819)	(6,693,164)	(4,542,647)	(4,431,062)	(4,622,830)	(5,446,351)	(5,255,594)	
Total other financing sources and (uses)	(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)	(3,529,146)
Prior period adjustments	19,292,090	(1,269,587)	326,483	-	-	\$ 5,203,497	\$ 25,502,221	\$ 17,405,036	6,498,603	26,795,980
Net change in fund balances	\$ 2,107,719	\$ (2,680,406)	\$ 7,524,570	\$ 9,292,218	\$ 10,239,442	\$ 17,405,036	\$ 15,479,591	\$ 38,566,818		
Debt service as a % of non-capital expenditures	3.7%	3.2%	2.7%	2.2%	2.1%	3.0%	2.8%	3.0%	2.4%	

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

Note: Investment income was commingled with miscellaneous revenues until 2017 when it became its 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
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
2019	27,072,421	25,560,034	11,568,122	18,036,584	16,476,496	4,063,836	1,125,714	103,903,207
Change 2009-2018	43.51%	52.91%	348.05%	67.35%	29.48%	137.93%	31.69%	61.77%

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

Assessment year	Real Property	Personal property	Total taxable property	Total levy rate
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
2019	11,692,600,611	494,730,037	12,187,330,648	2.20724

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 by Levy Year
Last Ten Fiscal Years
(per \$1,000 of assessed value)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Direct Levy										
Nonvoted										
General fund	\$ 1,45770	\$ 1,52788	\$ 1,58776	\$ 1,60885	\$ 1,61634	\$ 1,59702	\$ 1,56102	\$ 1,48812	\$ 1,38135	\$ 1,25279
Fire pension	0.22500	0.22500	0.22500	0.22500	0.22499	0.22499	0.22499	0.21418	0.22500	0.20480
Whatcom RDA LIFT	0.00018	0.00226	0.00302	0.00293	0.00384	0.00414	0.00399	0.00517	0.00510	0.00458
Total nonvoted	<u>1.68298</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>	<u>1.46216</u>
Voted										
Greenways	0.49651	0.51645	0.53235	0.53942	0.53949	0.53101	0.51694	0.50000	0.46234	0.41686
Affordable housing	-	-	-	0.35934	0.35071	0.33780	0.32252	0.31634	0.27723	0.32321
Voted excess levies	0.04178	0.03187	-	-	-	-	-	-	-	-
Total voted	<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>	<u>0.74507</u>
Total City	<u><u>\$ 2,22117</u></u>	<u><u>\$ 2,30346</u></u>	<u><u>\$ 2,34813</u></u>	<u><u>\$ 2,73554</u></u>	<u><u>\$ 2,73538</u></u>	<u><u>\$ 2,69496</u></u>	<u><u>\$ 2,62945</u></u>	<u><u>\$ 2,52381</u></u>	<u><u>\$ 2,35101</u></u>	<u><u>\$ 2,20724</u></u>
Overlapping districts levy										
State schools	\$ 2,19787	\$ 2,45657	\$ 2,50814	\$ 2,67073	\$ 2,61643	\$ 2,48364	\$ 2,30668	\$ 2,23350	\$ 3,20040	\$ 2,76558
County levy	1.02054	1.11230	1.13438	1.15453	1.16469	1.15423	1.12775	1.08190	1.04144	0.94334
Conservation futures	0.01714	0.04125	0.04205	0.04279	0.04313	0.04274	0.04176	0.04003	0.03853	0.03501
Flood control	0.16299	0.13243	0.13512	0.13755	0.13883	0.13760	0.13444	0.12902	0.16593	0.1583
Port of Bellingham	0.29601	0.29719	0.28899	0.28610	0.28871	0.28776	0.27644	0.26461	0.25044	0.22757
Bellingham School District	3.02022	3.41363	3.60646	3.87995	4.48506	4.48220	4.40084	4.80975	4.55180	3.57140
Total overlapping districts	<u><u>\$ 6,71477</u></u>	<u><u>\$ 7,45337</u></u>	<u><u>\$ 7,71514</u></u>	<u><u>\$ 8,17165</u></u>	<u><u>\$ 8,73685</u></u>	<u><u>\$ 8,58817</u></u>	<u><u>\$ 8,28790</u></u>	<u><u>\$ 8,56303</u></u>	<u><u>\$ 9,24853</u></u>	<u><u>\$ 7,69473</u></u>
Combined City and overlapping districts levies	<u><u>\$ 8,93594</u></u>	<u><u>\$ 9,75683</u></u>	<u><u>\$ 10,06327</u></u>	<u><u>\$ 10,66763</u></u>	<u><u>\$ 11,23842</u></u>	<u><u>\$ 11,28313</u></u>	<u><u>\$ 10,91735</u></u>	<u><u>\$ 11,08684</u></u>	<u><u>\$ 11,59956</u></u>	<u><u>\$ 9,90197</u></u>

Tax rates by collection year

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

Note: A portion of the City of Bellingham lies within the Meridian School District. The 2019 levy rate for Meridian is 2.43616.

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

Taxpayer	Taxable assessed value	Rank	Percentage of total assessed value		Rank	Percentage of total assessed value
			\$	198,564,442		
Puget Sound Energy	\$ 180,770,796	1	1.31%		1	2.31%
Bellis Fair Partners	52,695,499	2	0.38%		2	0.52%
SSC Bellingham Apartments LLC	50,087,618	3	0.36%		-	0.00%
PKII Sunset Square LLC	43,646,185	4	0.32%		-	0.43%
Costco Wholesale Corp	29,864,411	5	0.22%		-	0.00%
Belleau Woods LLC	27,338,675	6	0.20%		-	0.00%
CEP III - Barkley 17 LLC	21,297,536	7	0.15%		-	0.00%
Metropolitan Life Insurance Co	21,137,485	8	0.15%		-	0.00%
Bellingham Cold Storage Co	20,601,153	9	0.15%		-	0.00%
Barkley Lifestyle LLC	20,594,559	10	0.15%		-	0.00%
Qwest Corporation	-	-	0.00%		40,862,708	3
Cascade Natural Gas	-	-	0.00%		33,695,738	5
Talbot Real Estate	-	-	0.00%		25,689,154	6
Sisters of St. Joseph of PeaceHealth	-	-	0.00%		23,718,328	7
Greenbriar Construction	-	-	0.00%		20,432,631	8
Madrona Medical - 4545 Cordata Parkway LLC	-	-	0.00%		17,931,664	9
Fred Meyer - Roundup Company	-	-	0.00%		17,487,969	10
Total top ten principal taxpayers	\$ 468,033,917		3.40%		459,425,633	5.34%
Total all taxpayers	\$ 12,187,330,648		100.00%		\$ 8,596,997,698	100.00%

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
2010	19,091,521	18,682,177	97.856%	(680)	408,663	19,090,840	100.000%	1
2011	19,384,545	19,048,860	98.268%	6,097	341,533	19,390,393	99.999%	249
2012	19,553,465	19,253,132	98.464%	2,819	302,870	19,556,002	99.999%	283
2013	22,841,687	22,549,616	98.721%	26,577	318,270	22,867,886	99.998%	379
2014	23,403,537	23,111,156	98.751%	10,574	302,198	23,413,354	99.997%	757
2015	23,940,035	23,702,605	99.008%	(16,917)	219,676	23,922,281	99.997%	837
2016	24,464,096	24,199,918	98.920%	(71,443)	187,180	24,387,098	99.977%	5,554
2017	24,792,922	24,552,738	99.062%	(30,050)	183,155	24,735,893	99.057%	26,978
2018	25,449,308	25,229,914	99.138%	(20,762)	136,484	25,366,398	99.756%	62,148
2019	26,908,779	26,697,530	99.215%	(74)	-	26,697,530	99.215%	211,175

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			Government loans payable			Revenue bonds (net)*			Government loans payable		
	General obligation bonds	Special assessment bonds	Notes payable	General loans payable	Government bonds (net)	Revenue bonds (net)*	Notes payable	Government bonds (net)	Notes payable	General obligation bonds (net)	Revenue bonds (net)*	Notes payable	Total primary government	Percentage of personal income**	Per capita
2010	17,775,200	212,735	145,558	1,895,219	20,055,000	7,415,688	-	1,823,479	-	49,322,879	-	1,68%	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	2,700,000	94,902,912	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	2,700,000	107,645,441	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	2,700,000	104,406,054	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	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	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	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	111,601,542	3.96%	1,231		
2019	23,311,297	-	48,471	3,591,206	61,537,491	3,623,327	-	15,443,684	-	107,555,476	107,555,476	***	1,186		

Source: City of Bellingham, long-term debt note, US Census Bureau.

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
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
2019	26,934,624	3,762,734	23,171,890	0.19%	256

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

City of Bellingham

Schedule 12

Direct and Overlapping Governmental Activities Debt

As of December 31, 2019

Governmental unit	Debt outstanding	Estimated percentage applicable	Estimated share of direct and overlapping debt
Overlapping debt:			
Bellingham School District #501	\$ 249,945,000	78.17%	\$ 195,378,078
Port of Bellingham	4,440,000	38.71%	1,718,847
Meridian School District #505	12,435,000	24.17%	3,005,703
Whatcom County	1,845,000	38.71%	714,251
Whatcom County Fire District #4	210,000	17.05%	35,803
Fendale School District #502	50,995,000	0.05%	23,159
Total overlapping debt			200,875,841
City of Bellingham direct debt		100.00%	26,950,974
Total direct and overlapping debt			<u><u>\$ 227,826,815</u></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 2019

Total assessed value	\$ 13,766,421,449
Debt limit:	
Non-voted debt limit (1.5% of assessed value)	206,496,322
Voted debt limit (1.0% of assessed value)	<u>137,664,214</u>
Total debt limit	<u>344,160,536</u>
Debt applicable to limit:	
Governmental activities - general obligation bonds	23,311,297
Business-type activities - general obligation bonds	<u>3,623,327</u>
Total debt applicable to limit	<u>26,934,624</u>
Legal debt margin	<u>\$ 317,225,912</u>

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total assessed valuation	\$ 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	\$ 13,766,421,449
Legal debt limit	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	344,160,536
Outstanding indebtedness	<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>33,175,994</u>	<u>31,221,304</u>	<u>28,972,964</u>	<u>26,934,624</u>
Legal debt margin	<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>	<u>\$ 317,225,912</u>
% of legal debt limit exhausted	11.9%	14.2%	13.3%	12.1%	11.0%	10.5%	13.4%	11.5%	9.5%	7.8%

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, section(2)(b).

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

Fiscal year	Operating revenue	Water-Sewer revenue bonds				Special assessment (LID) bonds			
		Operating expense	Nonoperating income(expense)	Net available revenue	Principal & interest payments	Debt service coverage ratio	Collections	Principal & interest payments	Debt service coverage ratio
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	-	-	-
2019	54,490,110	26,060,320	842,005	29,271,795	4,115,862	7.11	-	-	-

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	Median household income	Per capita income	Average family size	Graduated high school	Graduated with a Bachelor's degree	Unemployment rate
2010	80,885	31.0	33,945	38,136	36,557	2.85	91.7%	9.5%	
2011	81,070	30.6	33,933	39,299	38,211	2.86	92.5%	9.0%	
2012	81,360	31.1	33,805	40,844	40,396	2.88	92.3%	8.1%	
2013	82,310	30.9	33,625	40,648	40,260	2.89	92.5%	7.4%	
2014	82,810	31.0	33,847	42,440	41,456	2.89	92.6%	6.6%	
2015	83,580	31.2	33,764	43,536	42,511	2.91	92.7%	6.0%	
2016	85,146	31.1	34,096	44,441	44,273	2.95	92.7%	5.8%	
2017	89,044	31.1	35,296	47,886	46,028	2.87	93.6%	43.0%	5.0%
2018	90,660	35,694	50,844	31,056	2.31	93.8%	44.1%	4.8%	
2019	***	***	***	***	***	***	***	5.2%	

*** 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	2019				2010			
	Employees	Rank	Percentage of total employment		Employees	Rank	Percentage of total employment	
St. Joseph Hospital	3,028	1	2.66%		2,753	1	2.92%	
Western Washington University	1,769	2	1.56%		1,592	2	1.69%	
Bellingham School District	1,028	3	0.90%		1,312	3	1.39%	
Whatcom County	912	4	0.80%		864	5	0.92%	
City of Bellingham	885	5	0.78%		899	4	0.95%	
Fred Meyer	770	6	0.68%		613	9	0.65%	
Haggen Inc.	709	7	0.62%		850	6	0.90%	
Peak-Ryzex	500	8	0.44%		-	-	-	
Safran Cabin Inc. (Formerly Zodiac Interiors)	496	9	0.44%		-	-	-	
Whatcom Community College	479	10	0.42%		-	-	-	
Sterling Life Insurance	-	-	-		650	8	0.69%	
Sodexho Services	-	-	-		652	7	0.69%	
Heath Techna	-	-	-		604	10	0.64%	
Total employed by the top 10 employers	10,576		9.30%		10,789		11.45%	
Total employment of Bellingham, WA (MSA)	113,737				94,194			

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	80.1	76.9	79.6	77.1	79.3	76.5	76.0	77.0	75.0	78.1
Supervisors & Professionals	100.0	97.5	97.0	96.0	100.5	102.0	105.8	107.1	107.1	118.5
Professional Librarians	6.3	7.0	6.7	7.0	7.5	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	15.0	15.0
Fire Supervisors	8.0	8.0	8.0	8.0	7.0	7.0	7.0	7.0	8.0	8.0
Firefighters	129.0	133.0	133.0	127.5	123.5	120.0	121.0	129.0	129.0	133.0
Police	99.7	101.0	102.0	101.0	103.0	105.0	106.0	108.0	110.0	112.0
Police Lieutenants	5.0	5.0	5.0	5.0	6.0	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	29.0	29.0
Non-Uniformed	319.8	310.2	314.9	313.7	325.0	325.1	337.9	338.6	346.1	349.7
Total regular workforce	795.9	786.6	794.2	783.3	799.8	797.1	815.2	828.2	841.7	865.8
Temporary labor	62.0	60.6	60.2	62.5	62.0	68.0	66.0	63.2	63.2	62.3
Total paid workforce	857.9	847.2	854.4	845.8	861.8	865.1	881.2	891.4	904.9	928.1

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Community Development										
Low-income housing units created	9	82	8	6	11	150	61	85	135	40
Rental assistance to homeless families	19	21	18	18	26	31	32	30	28	42
First time home buyer assistance	5	5	8	4	11	12	10	11	2	8
Development Services										
Building permits issued	752	675	702	778	865	874	795	768	857	811
All permits issued	3,472	3,615	3,602	4,112	4,417	4,520	4,641	4,522	5,444	5,621
New lots created	72	26	79	22	99	81	40	149	64	171
Human Resources										
Turnover rate	7.30%	5.55%	4.44%	6.39%	7.63%	6.30%	5.84%	7.74%	9.27%	8.31%
Benefit cost as a % of base wage	34.16%	36.29%	38.22%	38.15%	38.64%	36.67%	37.76%	40.38%	39.54%	41.45%
Overtime cost as a % of base wage	3.35%	2.82%	2.43%	3.02%	3.86%	4.44%	4.22%	5.89%	5.77%	6.08%
Information Technology Services										
Ave. # of unique website visitors/month	53,450	50,282	53,991	59,447	64,528	72,583	51,500	57,193	68,071	83,211
Judicial Services										
Infractions filed	8,614	7,483	7,213	7,048	6,898	6,604	5,621	5,064	4,687	3,735
Misdemeanors filed	3,844	3,576	3,442	3,606	3,131	2,838	2,909	2,697	2,805	2,939
Parking citations filed	54,186	44,966	43,681	35,475	30,657	31,250	30,531	21,250	17,017	13,138
Hearings	20,015	19,216	23,918	19,404	18,638	14,884	13,671	13,622	13,915	14,401
Legal Services										
Criminal filings	3,844	3,576	3,442	3,631	2,972	2,682	2,744	2,463	2,543	2,679
Claims filed	48	58	48	35	52	59	60	52	53	29
Library										
Circulation per capita	21	20	20	20	20	19	18	18	19	20
Persons visiting	836,700	862,300	842,200	825,800	830,900	837,700		787,700	773,800	737,400
Museum										
Total attendance	70,879	64,977	72,400	73,800	73,100	71,900	71,907	73,257	62,478	64,100
Parks										
Park acreage	3,446	3,561	3,574	3,580	3,587	3,615	3,643	3,643	3,759	3,620
Trail miles	68	68	68	69	69	70	71	72	72	84
Greenway levy acres	697	812	824	830	837	893	894	894	3,192	3,192
Public Safety Services										
Total dispatch incidents/CAD	128,734	127,248	124,480	134,300	140,200	143,900	151,000	133,233	153,000	171,900
Incidents per dispatcher	4,951	5,533	5,081	5,839	6,096	6,257	6,293	5,793	5,885	6,367
Reportable police calls	23,673	22,123	21,953	24,577	25,930	23,748	23,925	23,516	27,664	79,450
Fire incidents	11,705	10,993	10,105	11,030	11,301	11,784	16,036	18,063	18,793	21,655
Paramedic incidents	9,045	11,213	8,024	9,443	10,497	8,807	8,809	9,118	9,769	9,697
Transportation										
Feet of streets resurfaced	31,205	26,664	24,552	30,254	13,992	9,240	4,066	5,040	12,888	16,727
Miles of bicycle lanes and trails	41	43	48	49	52	58	62	67	73	167
Wastewater										
Million of gallons wastewater/day	12	12	13	12	12	12	12	12	12	11
Feet of wastewater main added	23,598	27,964	5,586	27,192	2,265	11,095	5,711	5,832	7,530	9,430
Water										
Million of gallons water treated/day	9	9	9	8	8	7	8	9	9	9
Feet of water main added	1,685	18,188	6,264	4,148	3,057	8,626	13,760	21,999	15,614	22,558
Watershed										
Cumulative acres acquired	1,390	1,390	1,759	1,788	1,893	1,893	1,979	1,987	2,004	2,209
Current year acquisitions	77	-	369	29	105	-	85	8	17	39

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	39	44	46	49	51	52	49	50	51	51
Police motorcycles	***	***	7	9	7	7	7	7	7	8
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	10	10	10	10	10	10	10	10	11	11
Command vehicle	1	1	1	1	1	1	1	1	1	1
Ambulances	13	13	13	13	13	12	11	12	11	11
Physical Environment										
Public Works										
Operations facility	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	393	396	413	414	416	417	420	423	425	427
Sewer mains (miles)	316	314	315	314	314	317	315	316	318	320
Storm mains (miles)	311	311	311	263	263	268	270	272	275	280
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	301	301	302	304	305	308	309
Sidewalks (miles)	199	291	291	291	296	298	301	302	306	312
Traffic signals maintained	***	199	203	205	205	219	219	219	224	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	45	45	52	52	70	71	91	91	92	94
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	14	24	24	26	26
Softball fields	4	4	4	4	6	8	10	10	10	10
Playgrounds	***	***	***	***	***	***	28	28	29	32
Multi-use fields	***	***	***	***	***	***	***	***	***	7
Off-leash dog area	***	***	***	***	***	***	***	***	***	8
Overwater dock/pier	1	1	1	1	1	1	3	3	4	4
Boat launch ramps	***	***	***	***	***	***	2	2	2	2
Skateboard park	1	1	1	1	1	1	4	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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Water customers										
Single family (SF)	19,093	18,828	19,311	19,569	19,773	21,232	21,351	21,878	21,835	20,715
Multi-family & commercial	5,489	5,940	5,867	6,009	4,862	4,897	5,848	6,590	6,048	5,532
Water monthly rates										
Single family base rates										
Metered 5/8"	10.61	11.11	11.61	13.10	14.21	15.42	19.35	20.33	21.46	22.14
Metered 3/4"	14.86	15.42	15.97	18.02	19.55	21.21	26.62	27.97	29.52	30.45
Metered 1"	23.35	24.02	24.69	27.85	30.23	32.78	41.15	43.24	45.64	47.08
Metered 1 1/2"	44.58	45.55	46.51	52.47	56.94	61.76	77.52	81.44	85.98	88.69
Metered 2"	70.06	71.37	72.68	82.00	88.98	96.51	121.13	127.27	134.36	138.59
Metered 3"	138.02	140.25	142.49	160.76	174.44	189.21	237.48	249.52	263.41	271.70
Metered 4"	214.45	217.74	221.02	249.35	270.57	293.48	368.37	387.03	408.58	421.45
Metered 6"	426.79	432.97	439.16	495.45	537.62	583.14	731.93	769.02	811.83	837.39
Volume rate per 1 CCF	1.32	1.43	1.53	1.58	1.63	1.67	1.72	1.82	1.94	2.00
Non-single family base rates										
Metered 5/8"	15.35	17.43	19.51	21.00	21.75	22.39	25.56	28.32	30.86	31.83
Metered 3/4"	21.96	24.89	27.82	29.95	31.01	31.93	36.44	40.39	44.01	45.40
Metered 1"	35.19	39.82	44.45	44.45	49.55	51.01	58.22	64.53	70.32	72.53
Metered 1 1/2"	68.24	77.13	86.01	92.59	95.88	98.70	112.66	124.86	136.06	140.34
Metered 2"	107.92	121.91	135.89	146.28	151.49	155.94	178.00	197.27	214.97	221.74
Metered 3"	213.73	241.31	268.90	289.46	299.76	308.58	352.23	390.36	425.38	438.78
Metered 4"	332.75	375.65	418.54	450.54	466.57	480.30	548.24	607.59	662.10	682.95
Metered 6"	663.39	748.80	834.21	898.00	929.95	957.32	1,092.71	1,211.02	1,319.66	1,361.22
Metered 8"	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	2,175.10
Metered 10"	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	3,395.81
Metered 12"	n/a	n/a	n/a	n/a	3,154.11	3,246.93	3,706.15	4,107.41	4,475.88	4,616.83
Volume rate per 1 CCF	1.32	1.43	1.53	1.63	1.77	1.93	1.94	1.94	1.97	2.03
Irrigation vol. rate per 1 CCF	2.11	2.20	2.30	2.35	2.40	2.45	2.50	2.55	2.60	2.68
Wastewater customers										
Single family	19,093	18,828	19,311	19,569	19,784	20,465	21,131	21,804	21,541	19,433
Multi-family & commercial	5,489	5,940	5,867	6,009	4,860	4,865	4,978	5,394	5,465	5,036
Wastewater monthly rates										
Single family (rate class 1)	29.30	31.20	33.23	33.97	35.07	37.24	39.47	41.66	43.16	44.52
Non-single family										
Base rate (class 2-4)	29.30	31.20	33.23	33.97	35.07	37.24	39.47	41.66	43.16	44.52
Volume rate per 1 CCF > 16 CCF	3.08	3.28	3.49	4.09	4.66	4.99	5.43	5.80	6.07	6.26
Base rate (class 5 and up)	29.96	31.90	33.23	33.97	44.35	56.84	59.84	62.97	65.23	67.29
Volume rate per 1 CCF > 16 CCF	3.37	3.59	3.49	4.09	6.09	7.83	8.44	8.98	9.40	9.70
Stormwater monthly base rates										
Small footprint < 1k sq. ft.	4.20	4.20	4.20	5.08	5.39	5.71	6.05	6.42	6.58	6.79
Medium footprint 1k-2.99k sq. ft.	7.00	7.00	7.00	8.47	8.98	9.52	10.09	10.69	10.96	11.30
Large footprint > 3k sq. ft., per sq. ft.	0.00466	0.00466	0.00466	0.00564	0.00598	0.00634	0.00672	0.00712	0.00730	0.00753
Watershed monthly rates										
Single family, base rate only	5.00	5.00	5.00	12.33	12.41	12.63	12.86	13.13	13.46	13.885
Non-single family & Irrigation										
Base rate	5.00	5.00	5.00	5.14	5.17	5.265	5.36	5.475	5.61	5.79
Volume rate per 1 CCF > 22 CCF	0.27	0.27	0.27	0.66	0.66	0.6761	0.682	0.6963	0.7137	0.7362

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