

City of Bellingham, Washington
Annual Comprehensive Financial Report
For the Fiscal Year Ended December 31, 2021



Photo by David Veatch

City of Bellingham, Washington

Annual Comprehensive Financial Report

For the Fiscal Year Ended December 31, 2021

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 ACFR.

For comments or questions, contact:

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

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

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	14

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

Statement of Net Position (SNP)	27
Statement of Activities (SOA)	29

Governmental Funds

Balance Sheet	30
Reconciliation of the Balance Sheet to the SNP	32
Statement of Revenues, Expenditures and Changes in Fund Balances (RECFB)	33
Reconciliation of the RECFB to the SOA	34

Proprietary Funds

Statement of Net Position	35
Statement of Revenues, Expenses and Changes in Net Position	37
Statement of Cash Flows	38

Fiduciary Funds

Statement of Net Position	40
Statement of Changes in Net Position	41

Notes to the Financial Statements	43
--	----

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual Legal Basis	
General Fund	103
Reconciliation of Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual Legal Basis to GAAP Basis – General Fund	104
State Pension Plan Schedules	
Schedule of City's Proportionate Share of Net Pension Liability/Asset - DRS	105
Schedule of Pension Contributions - DRS	106
Local Pension Plan Schedules	
Schedule of Changes in Total Pension Liability	107
Other Post Employment Benefit Plan Schedules	
Schedule of Changes in Total OPEB Liability	108

Combining and Individual Fund Financial Statements**Funds Consolidated with the General Fund for GASB 54 Reporting**

Descriptions	110
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual Legal Basis	
Original General Fund	111
Street Fund	112
First 1/4% Real Estate Excise Tax Fund	113
Second 1/4% Real Estate Excise Tax Fund	114
Greenway III Levy Fund	115
Park Impact Fees Fund	116

Sportsplex Fund _____	117
Firefighter's Pension Fund _____	118
Police Pension Fund _____	119
Total General Fund Combined for GASB 54 _____	120
Non-Major Governmental Funds	
Combining Balance Sheet _____	122
Combining Statement of Revenues, Expenditures and Changes in Fund Balances _____	123
Non-Major Special Revenue Funds	
Descriptions _____	125
Combining Balance Sheet _____	127
Combining Statement of Revenues, Expenditures and Changes in Fund Balances _____	128
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual GAAP Basis	
Library Gift Fund _____	129
Environmental Remediation Fund _____	130
Police Special Purpose Funds _____	131
Public Safety Dispatch Fund _____	132
Transportation Fund _____	133
Public, Education, and Government Access Television Fund _____	134
Tourism Fund _____	135
Low Income Housing Fund _____	136
Affordable Housing Sales Tax Fund _____	137
HUD Grant Funds _____	138
Non-Major Debt Service Funds	
Descriptions _____	140
Combining Balance Sheet _____	141
Combining Statement of Revenues, Expenditures and Changes in Fund Balances _____	142
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual GAAP Basis	
2004 Sportsplex LTGO Bond Fund _____	143
2004 PFD/Civic Fld LTGO Bond Fund _____	144
2011 QEC Bond Fund _____	145
2016 PFD Refunding Bonds Fund _____	146
2014 Solid Waste Refunding Bond Fund _____	147
Governmental Debt Service Fund _____	148
LID Guaranty Fund _____	149
Non-Major Capital Projects Fund	
Descriptions _____	151
Balance Sheet _____	152
Statement of Revenues, Expenditures and Changes in Fund Balances _____	153
Statement of Revenues, Expenditures and Changes in Fund Balance from Inception _____	154
Non-Major Permanent Funds	
Descriptions _____	156
Combining Balance Sheet _____	157
Combining Statement of Revenues, Expenditures and Changes in Fund Balances _____	158
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual GAAP Basis	
Greenways Maintenance Endowment Fund _____	159
Natural Resource Protection and Restoration Fund _____	160
Non-Major Enterprise Funds	
Descriptions _____	162
Combining Statement of Net Position _____	163
Combining Statement of Revenues, Expenses and Changes in Net Position _____	164
Combining Statement of Cash Flows _____	165

Internal Service Funds

Descriptions	167
Combining Statement of Net Position	168
Combining Statement of Revenues, Expenses and Changes in Net Position	170
Combining Statement of Cash Flows	171

STATISTICAL SECTION

Table of Contents - Descriptions	174
Schedule 1 – Net Position by Component	175
Schedule 2 – Change in Net Position	176
Schedule 3 – Fund Balances, Governmental Funds	179
Schedule 4 – Changes in Fund Balances, Governmental Funds	180
Schedule 5 – Tax Revenues by Source, Governmental Funds and Fiduciary Funds	181
Schedule 6 – Assessed Value of Taxable Property	182
Schedule 7 – Direct & Overlapping Property Tax Rates	183
Schedule 8 – Principal Property Tax Payers	184
Schedule 9 – Property Tax Levies and Collections	185
Schedule 10 – Ratios of Outstanding Debt by Type	186
Schedule 11 – Ratios of General Obligation Bonded Debt Outstanding	187
Schedule 12 – Direct and Overlapping Governmental Activities Debt	188
Schedule 13 – Legal Debt Margin Information	189
Schedule 14 – Pledged-Revenue Coverage	190
Schedule 15 – Demographic and Economic Statistics	191
Schedule 16 – Principal Employers	192
Schedule 17 – Full-time Equivalent City Government Employees by Groups	193
Schedule 18 – Operating Indicators by Function	194
Schedule 19 – Capital Asset Statistics by Function	195
Schedule 20 – Municipal Utilities	196





Finance Department

City of Bellingham

July 25, 2022

Mayor Seth Fleetwood, Bellingham City Council, and Residents of Bellingham Washington:

I am pleased to provide the Annual Comprehensive Financial Report of the City of Bellingham for fiscal year ended December 31, 2021. 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, 2021. 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 30.51 square miles and serves a population of 91,482. Bellingham is the 13th largest of the 281 municipalities in the State of Washington and is empowered to levy property tax on real property located within its boundaries. It is also 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 several 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 early 2020, the Bellingham economic area implemented precautionary measures due to the Covid-19 world-wide pandemic. These measures followed Washington State Governor's Stay Home - Stay Healthy proclamation, proclaiming a state of emergency in Washington State.



In 2021, despite the ongoing world-wide pandemic, the City has continued to see improvements in key revenue sources. Compared to 2020, the City's overall revenues are up \$22.1 million. Efforts of the Mayor, Finance Director, and Department Heads to prioritize programs and expenditures to achieve a sustainable balanced budget continue to be successful. The City's General fund has improved significantly through the pandemic and the 2021 fiscal year-end reserves have reached \$49.4 million.

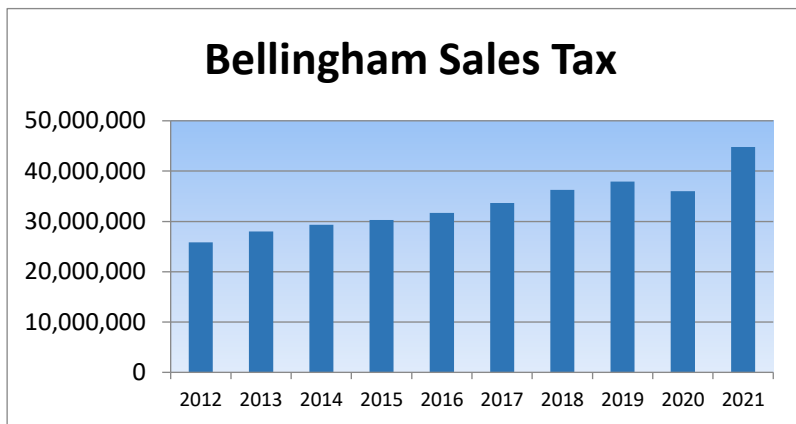
As reported by the Bureau of Labor Statistics, for the Bellingham Metropolitan Statistical Area, total non-farm employment declined from a peak of 96,900 jobs in 2019 to a low of 89,100 in 2020. For the year ending 2021, total non-farm employment increased to 93,300.

The value of commercial and residential building projects increased 41% from \$187.6 million in 2020 to \$264.5 million in 2021. New single-family dwelling projects, consisting of 224 new units, increased from the year prior by 116% with a total value for 2021 of \$54.4 million. Multi-family construction increased from 2020 to 2021 by 8%, with a valuation of \$58.6 million and 561 units. New industrial projects increased from the prior year by 65%, with a total value of \$4.8 million. There were 728 total permits issued in 2021, up from 678 in 2020.

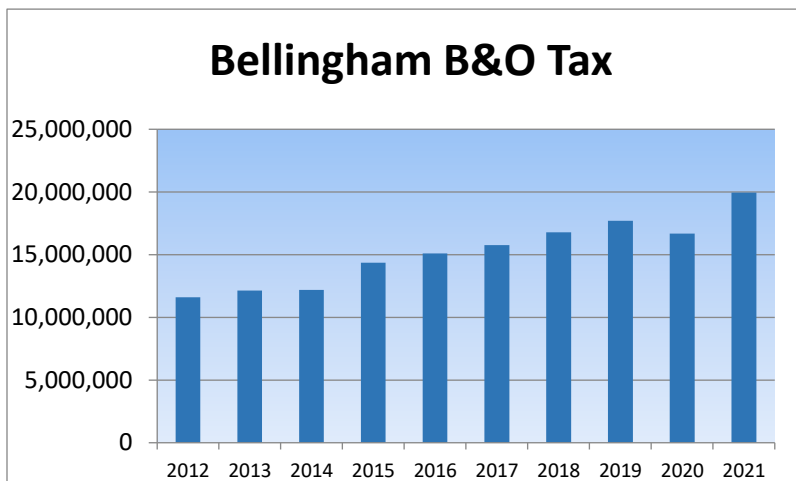
The City of Bellingham receives \$1.89 per \$1,000 of assessed property value from property within the City limits. In 2021, this generated \$28.2 million government wide. Property taxes increased \$856 thousand over the prior year. Government-wide property tax revenue was allocated amongst the funds as follows: General fund \$16.22 million, Greenways \$5.29 million, Low-income Housing \$4.01 million, Waterfront Capital Construction \$72.61 thousand, and Fire Pension and OPEB \$2.64 million. Property tax provides roughly 23.5% 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. After a significant early decline in retail sales following the preventive measures implemented to slow the spread of Covid-19, sales started to rebound in the final quarter of 2020 and continued to increase throughout 2021, despite the continued closure of the Canadian border. In 2021, the City collected over \$44.7 million of sales tax revenues, an increase of \$8.74 million from 2020. Sales tax revenue generated 37.3% of government-wide general revenue for the year ending December 31, 2021.

The chart to the right shows the sales tax growth over the last ten years and a 24.26% increase from 2020 and a 18.07% increase from 2019. The ACFR 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 six categories have larger swings and variances year over year and are included in the chart to the right.



The chart to the right depicts the past ten years of business and occupation (B&O) tax. The 2021, B&O tax revenue increased by 19.67% from the prior year and 12.64% from 2019.



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. Whatcom County

Tourism was hit hard by the pandemic in 2020 when visitations fell drastically. According to a report provided to the State of Washington Tourism by Tourism Economics, a national travel research firm, State tourism rebounded in 2021 to about 87% of 2019 levels.

Western Washington University, Whatcom Community College, and Bellingham Technical College hosted approximately 23.7 thousand students for the 2021 academic year and employ a total of 2,849 employees combined. St. Joseph Hospital, a 251-bed medical center and Level III Trauma Center serving Northwest Washington, is the City's largest employer with 3,116 employees.

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, 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 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.

In 2019, the City completed 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.

The Port has signed an agreement with a master developer, who has reconstructed an old, picturesque Granary building into a mixed-use retail and office center that will serve as a gateway to the Waterfront District. The developer has also started construction on three waterfront condominium buildings next to the Granary Building and Waypoint Park.

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 annual comprehensive financial report (ACFR) for the fiscal year ended December 31, 2020. This was the 20th 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 annual comprehensive 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 annual comprehensive 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 2021 audit of the City has been completed and was performed in conformance with GAS. The financial statements of all City and custodial funds have been included in this audit. Please refer to the Auditor's Opinion letter at the beginning of the Financial Section of this report.

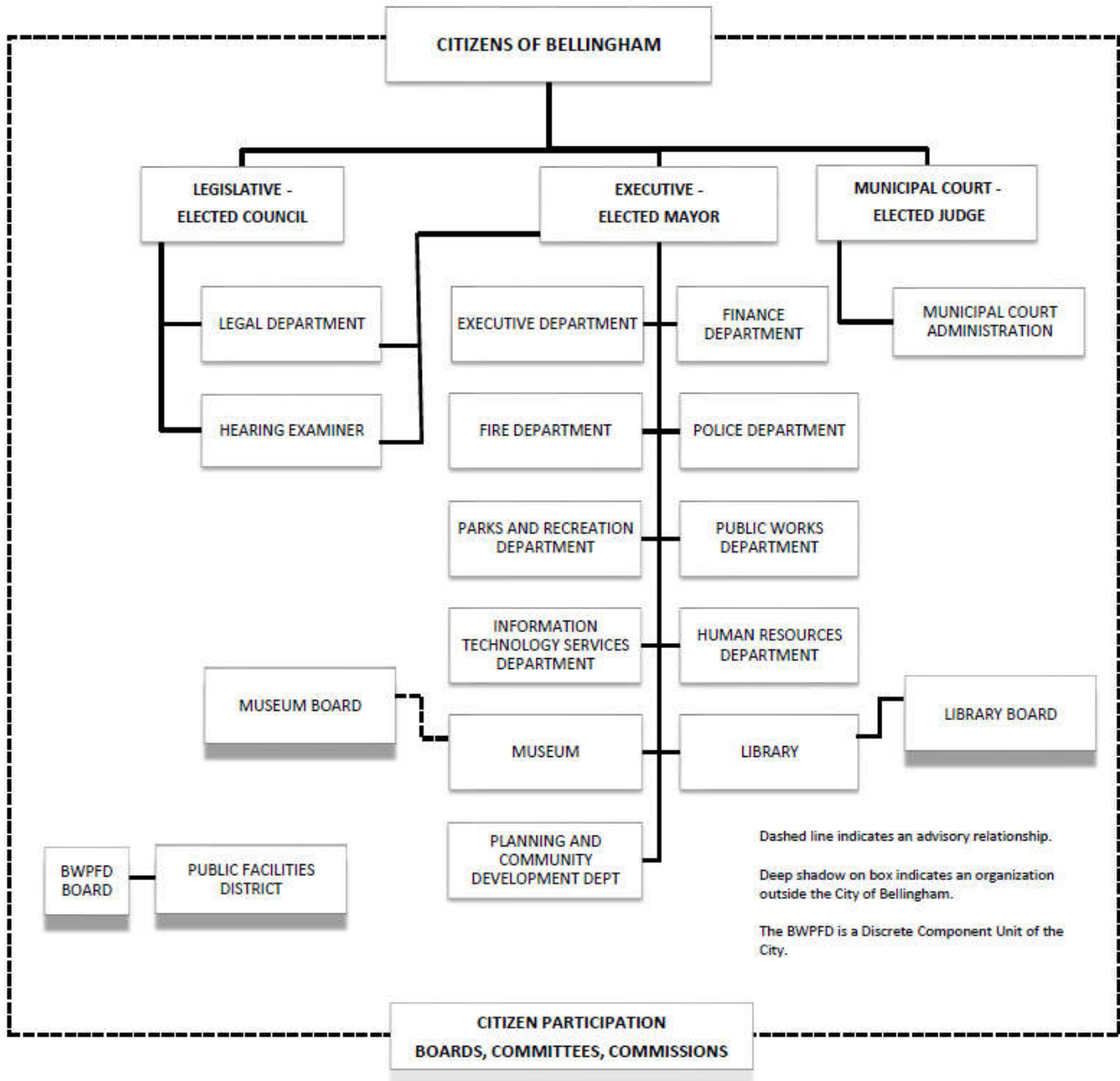
Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of Finance Department staff and other employees throughout the City who assisted in and contributed to its preparation. Further appreciation is extended to the Mayor and City Council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

Respectfully submitted,

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

Andy Asbjornsen
Finance Director
City of Bellingham

CITY OF BELLINGHAM ORGANIZATIONAL CHART



City of Bellingham
List of Elected and Appointed Officials
December 31, 2021

Elected Officials

Mayor	Seth Fleetwood	4 years	December 31, 2023
Municipal Court Judge	Deborah Lev	4 years	December 31, 2021
1st Ward Council Member	Hannah Stone	4 years	December 31, 2023
2nd Ward Council Member	Gene Knutson	4 years	December 31, 2021
3rd Ward Council Member	Daniel Hammill	4 years	December 31, 2023
4th Ward Council Member	Pinky Vargas	4 years	December 31, 2021
5th Ward Council Member	Lisa Anderson	4 years	December 31, 2023
6th Ward Council Member	Michael Lilliquist	4 years	December 31, 2021
At Large Council Member	Hollie Huthman	2 years	December 31, 2021

Appointed Officials

Chief of Police, Interim	Flo Simon
City Attorney	Alan Marriner
Court Administrator	Darlene Peterson
Deputy Administrator	Brian Heinrich
Finance Director	Andrew Asbjornsen
Fire Chief	Bill Hewett
Hearing Examiner	Sharon Rice
Human Resources Service Manager	Elizabeth Monahan
Information Technology Director	Marty Mulholland
Library Director	Rebecca Judd
Museum Executive Director	Patricia Leach
Parks & Recreation Director	Nicole Oliver
Planning & Community Development Director	Richard Sepler
Public Works Director	Eric Johnston



Government Finance Officers Association

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

Presented to

**City of Bellingham
Washington**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO



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

**INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE
FINANCIAL STATEMENTS**

Mayor and City Council
City of Bellingham
Bellingham, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of basic, 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 then ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of basic, 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, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time; and

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements and schedules are presented for the purposes of additional analysis and are 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.

Other Information

The other information comprises Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included in the financial statements. Our opinion on the basic financial statements do not cover the other information, and, we do not express an opinion or provide any assurance thereon.

In connection with the audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial

statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated July 25, 2022, 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 that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

July 25, 2022



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, 2021. The information presented should be read in conjunction with the letter of transmittal, financial statements, and the notes to the financial statements.

Financial highlights

- On December 31, 2021, 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 \$996.9 million. Of this amount, \$698.8 million, or 70.1%, is the net investment in capital assets. Of the remaining net position, \$23.9 million is unrestricted and may be used to meet the City's ongoing obligations.
- The net position of governmental activities is \$612.6 million, an increase of \$57.8 million, or 10.4% from 2020. \$56.6 million of the increase is the City's proportionate share of the Washington State Department of Retirement systems net pension assets. The City participates in four retirement plans with the state, three of which are fully funded resulting in a \$76.1 million share to the City, of the Washington State net pension asset.
- The net position of business-type activities is \$384.3 million, which represents an increase of \$24.9 million, or 6.9% over 2020. This increase was due primarily to a \$9.4 million increase in net investments in capital assets related to capital grant funding towards the Nooksack Fish Passage Diversion Dam project; and an additional \$14.3 million increase in the City's proportionate share of the Washington State Department of Retirement systems net pension assets related to the City's business-type activities.

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 in nature 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).

Each 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, cemetery, golf course, parking, medic one, and development services.

The government-wide financial statements include the City, referred to as the primary government, and a legally separate entity, the Bellingham-Whatcom Public Facility District (PFD), a discretely presented component unit for which the City is financially accountable. Financial information for the Bellingham-Whatcom Public Facility District is reported separately from the financial information presented for the primary government itself.

Fund financial statements

While the government-wide statements look 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 21 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 statements, 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 into a single line called “Internal balances” in the liabilities 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 eight enterprise funds, which account for the operations of three major funds: Water, Wastewater, and Surface and Stormwater, 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 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 these 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 three major enterprise funds. Data from the remaining enterprise funds and internal service funds 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 one fund that is reported as a Custodial fund. Custodial funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own 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, and proportionate share of, the state retirement plans.

Government-wide financial analysis

Government-wide 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 \$996.9 million, on December 31, 2021. This was an increase of \$82.8 million, or 9.1%, over December 31, 2020.

Net position (in thousands)

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current	\$ 231,498	\$ 205,575	\$ 90,816	\$ 79,173	\$ 322,315	\$ 284,748
Noncurrent	154,395	67,034	40,082	27,563	194,476	94,597
Capital assets	425,039	415,900	343,863	337,550	768,902	753,450
Total assets	810,932	688,509	474,761	444,286	1,285,693	1,132,795
Deferred Outflows of Resources	7,592	8,160	3,538	3,745	11,130	11,905
Liabilities						
Current	21,924	9,928	5,229	5,299	27,153	15,227
Noncurrent	129,795	122,145	73,782	81,630	203,577	203,774
Total liabilities	151,719	132,072	79,011	86,929	230,730	219,001
Deferred Inflows of Resources	54,172	9,795	15,002	1,738	69,174	11,533
Net position						
Net investment in capital assets	422,702	408,896	276,122	266,693	698,823	675,589
Restricted	241,237	167,300	32,963	20,746	274,200	188,046
Unrestricted	(51,306)	(21,394)	75,202	71,926	23,897	50,531
Total net position	\$ 612,633	\$ 554,802	\$ 384,287	\$ 359,365	\$ 996,920	\$ 914,166

70.1% of the City's GW net position 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 2021, the GW net investment in capital assets increased by \$23.2 million.

An additional 27.5% of the City's GW net position 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 2021, the GW restricted resources total \$274.2 million. The remaining balance of \$23.9 million is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors. In 2021 the unrestricted net position decreased \$26.6 million from 2020.

At the end of 2021, 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 2020.

Government-wide changes in net position

In 2021, government-wide net position increased by \$82.8 million, of which governmental activities increased by \$57.8 million and business-type activities increased by \$24.9 million over 2020. This increase is significantly greater than prior years. As previously stated, \$56.6 million of the governmental activities increase and \$14.3 million of the business-type activities increase are a direct result of the State reported increase in the State pension plan valuations and the City's resulting proportionate share. Of the four State retirement plans that the City participates in, the State's net pension asset was \$3.9 billion in 2020, and \$19.2 billion in 2021, an increase of \$15.3 billion. The City's proportionate share of these net pension assets were \$23.5 million in 2020, and \$94 million in 2021, an increase of \$70.4 million in 2021. This increase in net pension assets resulted in a materially significant increase in the City's net position.

Changes in net position (in thousands)

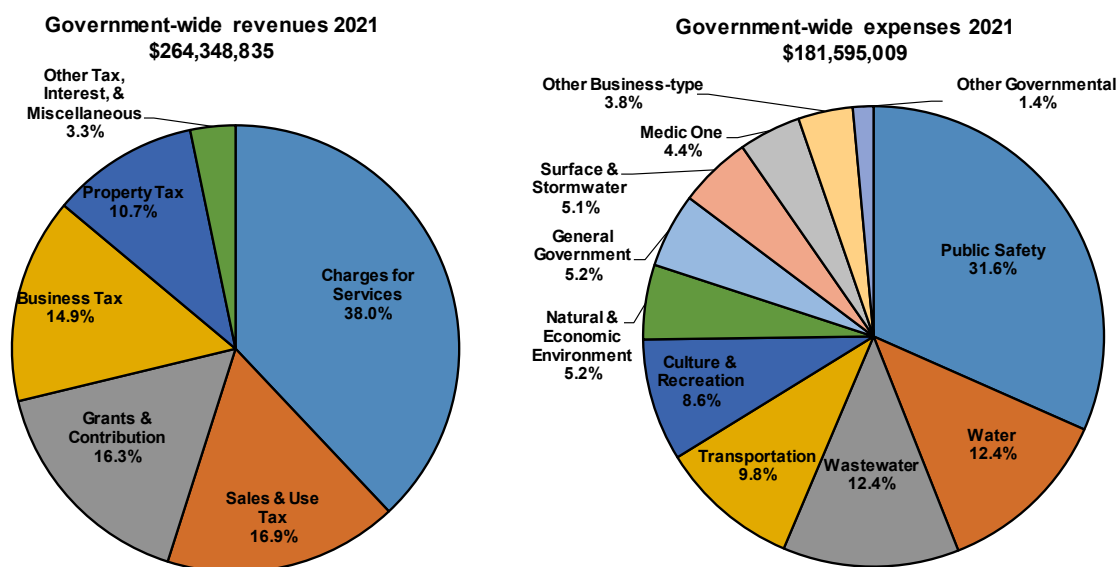
	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Program revenues:						
Charges for services	\$ 16,973	\$ 14,593	\$ 83,417	\$ 76,363	\$ 100,390	\$ 90,957
Operating grants and contributions	15,379	15,914	1,020	4,831	16,399	20,745
Capital grants and contributions	17,379	6,684	9,348	12,051	26,727	18,735
General revenues:						
Property tax	28,169	27,313	-	-	28,169	27,313
Sales and use tax	44,771	36,030	-	-	44,771	36,030
Business tax	39,275	33,186	-	1,544	39,275	34,730
Real estate excise tax	5,850	3,879	-	-	5,850	3,879
Other taxes	678	819	986	841	1,665	1,660
Investment Income	(1,367)	3,767	(617)	1,980	(1,984)	5,747
Miscellaneous revenue	2,721	2,134	366	230	3,087	2,365
Sale of capital assets	-	-	-	18	-	18
Total revenues	169,829	144,320	94,519	97,860	264,348	242,180
Program expenses:						
General government	9,499	14,716	-	-	9,499	14,716
Public safety	57,427	58,100	-	-	57,427	58,100
Transportation	17,855	22,069	-	-	17,855	22,069
Natural and economic environment	9,527	8,516	-	-	9,527	8,516
Social services	1,192	1,217	-	-	1,192	1,217
Culture and recreation	15,593	17,365	-	-	15,593	17,365
Interest on long-term debt	1,432	691	-	-	1,432	691
Water	-	-	22,485	26,859	22,485	26,859
Wastewater	-	-	22,454	22,967	22,454	22,967
Surface & stormwater	-	-	9,255	11,837	9,255	11,837
Solid waste	-	-	-	1,014	-	1,014
Medic one	-	-	7,916	8,258	7,916	8,258
Other business type activities	-	-	6,960	7,624	6,960	7,624
Total expenses	112,525	122,674	69,070	78,560	181,595	201,234
Excess (deficiency) before transfers	57,305	21,646	25,449	19,300	82,753	40,946
Transfers	526	(10,603)	(526)	10,603	-	-
Change in net position	57,831	11,043	24,922	29,902	82,753	40,946
Net position - beginning	554,802	545,793	359,365	327,428	914,166	873,221
Prior period adjustment	-	(2,034)	-	2,034	-	-
Net position - ending	\$ 612,633	\$ 554,802	\$ 384,287	\$ 359,365	\$ 996,920	\$ 914,166

Government-wide revenues and expenses

Government-wide revenues including both governmental and business-type activities increased \$22.2 million in 2021, from \$242.2 million in 2020, to \$264.3 million in 2021. General revenues consisting of taxes, investment and miscellaneous earnings increased \$9.1 million in 2021, with a \$13.3 million increase in taxes primarily attributable to the economy opening and the robust consumer spending that ensued as COVID-19 closures curtailed. Investment earnings in 2020, and 2021, were a positive \$5.7 million and a negative \$2 million respectively. This \$7.7 million combined decrease in 2021, is due in large part to fair value reporting of investment assets.

Government wide program revenues consisting of charges for services, operating grants and contributions, and capital grants and contributions increased \$13.1 million in 2021, from \$130.4 million in 2020, to \$143.5 million in 2021. Of this \$13.1 million increase in government-wide program revenues, \$12.5 million were derived from governmental activities and the remaining \$539 thousand from business-type activities.

Overall government-wide expenses decreased by \$19.6 million in 2021, from \$201.2 million in 2020, to \$181.6 million in 2021. Of this \$19.6 million decrease in government-wide expenses, \$10.1 million were derived from governmental activities and \$9.5 million from business-type activities.



Government-wide governmental activities

Government-wide governmental activities total general revenues increased by \$23.6 million, from \$96.5 million in 2020, to \$120.1 million in 2021. The most notable increases were \$8.7 million in retail sales and use taxes and \$6.1 million in business tax. The tax revenue increases can be attributed to an increase in consumer spending combined with inflation and Bellingham businesses opening back up and returning closer to pre-COVID-19 levels of operations and activity.

Government-wide governmental activities total program revenues increased by \$12.5 million, from \$37.2 million in 2020 to \$49.7 million in 2021. The most noteworthy governmental activities program revenues were \$10.7 million in capital grant contributions from the US and WA State departments of transportation for street projects.

Government-wide governmental activities total expenses decreased by \$10.1 million, from \$122.7 million in 2020, to \$112.5 million in 2021. The increase in State net pension assets translated into a negative operating expense for government-wide governmental activities in the amount of \$16.1 million.

Government-wide business-type activities

Government-wide business-type activities total general revenues decreased by \$3.9 million, from \$4.6 million in 2020, to \$734 thousand in 2021. The driving factors for the decrease were a negative \$617 thousand interest income related to the 2021 loss on fair value of investments; and the solid waste business tax that had formerly been reported in the Solid Waste proprietary fund in 2020, but due to the 2020 Solid Waste fund closure, moved to the environmental remediation special revenue governmental activity fund in 2021. In 2020, interest income had been \$2 million and business tax \$1.5 million.

Government-wide business-type activities total program revenues saw little change overall, with an increase of \$539 thousand, from \$93.2 million in 2020, to \$93.8 million in 2021.

Government-wide business-type activities total expenses decreased by \$9.5 million, from \$78.6 million in 2020, to \$69 million in 2021. This decrease is similar in nature to the governmental activities decreased expense. Business-type activities decrease was primarily due to the negative operating expense that resulted from State pension proportionate share reporting of the materially significant increase in State net pension assets. The increase in State net pension assets translated into a negative operating expense for government-wide business-type activities in the amount of \$4.8 million. In addition, the water fund experienced a substantial decrease in non-operating expenses related to environmental service projects.

Fund level financial analysis

Governmental Funds

Governmental fund balances

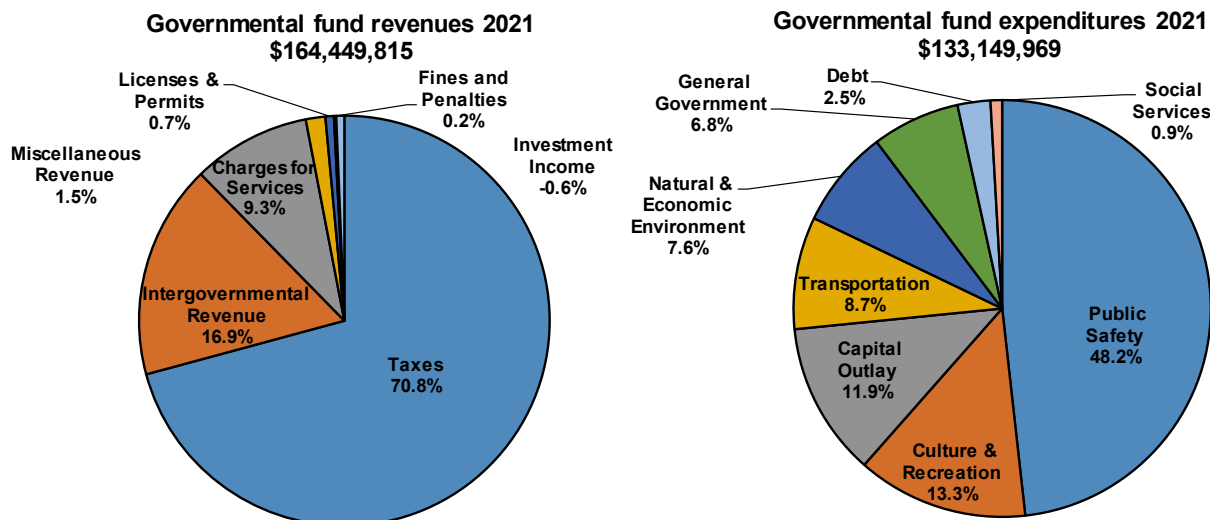
Governmental funds total fund balance increased by \$28.7 million, from \$212.4 million in 2020, to \$241 million in 2021. The largest increase was a gain of \$17.3 million in restricted fund balance with significant fund increases in affordable housing, transportation improvements, and park maintenance and improvement activities.

Governmental fund revenues

Governmental fund revenues increased by \$24.7 million, from \$139.7 million in 2020, to \$164.4 million in 2021. Tax revenue is the City's most significant source of governmental revenue, representing 71.7% of total governmental revenue. Tax revenue supports services that are basic to the City's mission such as streets, fire, police, and parks. The major tax categories are retail sales and use, business and occupation, property, and utility tax. Tax collections increased by 17.4% from 2020 to 2021, generating an additional \$17.4 million in revenue.

Governmental fund expenditures

Governmental fund expenditures increased by \$2.4 million, from \$130.7 million in 2020, to \$133.1 million in 2021. Public safety consisting of fire, police, and municipal court accounts for 48.2% of governmental fund expenditures and experienced a \$6.2 million increase in spending in 2021. Contributors to the increase in spending were factors such as labor COLA adjustments and a heavier than normal turnover rate resulting in costs associated with employee separation, overtime, and personnel recruitment in a diminished labor market. Culture and recreation services represent the next largest functional area of spending at 13.3% of total governmental fund expenditures. The culture and recreation function includes parks, recreation programs, museums, and libraries. Culture and recreation experienced a decrease of \$20 thousand in spending in 2021.



Proprietary funds

Proprietary fund net position

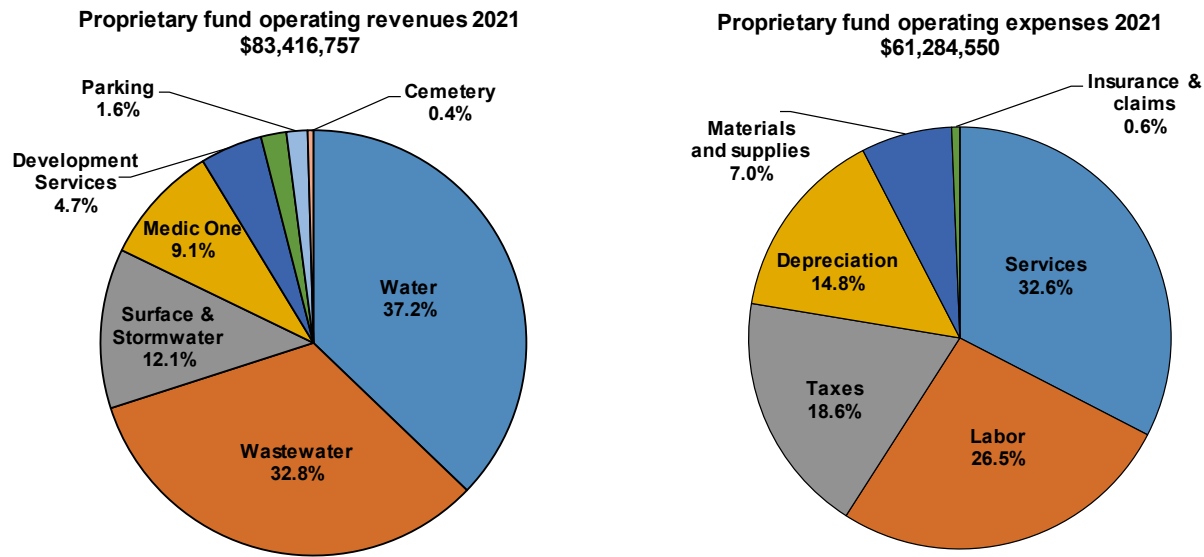
Proprietary funds total net position increased by \$24.9 million, from \$359.4 million in 2020, to \$384.3 million in 2021. The largest fund increase was a gain of \$15.3 million in the Water fund net position and the largest functional increase was *restricted for net pension asset* at \$14.3 million, in all proprietary funds. The Water fund gain in net position can be attributed primarily to a \$2.4 million increase in water sales and services, \$6.6 million in capital contributions related to the Nooksack Fish Passage diversion dam project, and a \$2.7 million net pension asset share of the State's PERS2/3 retirement system, a new category for all City funds in 2021.

Proprietary fund operating revenues

Proprietary fund operating revenues increased by \$7 million, from \$76.4 million in 2020, to \$83.4 million in 2021. The non-major proprietary funds experienced a combined operating revenue increase of \$1.6 million. All three proprietary major funds experienced 2021 increases in utility *charges for services* revenue, with Water increasing \$2.4 million, Wastewater \$2.4 million and Surface and Stormwater \$668 thousand.

Proprietary fund operating expenses

Proprietary fund operating expenses decreased by \$4.4 million, from \$65.7 million in 2020, to \$61.3 million in 2021. The driving force behind the decrease in operating expenses was a \$4.8 million total decrease in proprietary fund *labor expense*. The *labor expense* fund decrease is directly related to the City's proportionate share of the State retirement plans 2021 increase in net pension asset. An increase in a net pension asset translates into a, GAAP required, negative operating *labor expense*. The proprietary fund operating *labor expense* decreases in 2021, were \$1.6 million in Water, \$1.3 million in Wastewater, \$560 thousand in Surface and Stormwater, and a combined \$1.4 million decrease in the non-major proprietary funds.



General fund budgetary highlights

The budget is legally adopted at the fund level, including the General fund budget. GASB 34 requires the legally adopted budget of the General fund to be presented as required supplementary information (RSI). Accordingly, the General fund in its originally adopted form along with a reconciliation of the General fund presented in the GAAP basis basic financial statements is presented as RSI. The General fund presented in the basic financial statements in accordance with GAAP includes eight other funds with legally adopted budgets that do not meet the requirements of a special revenue fund per GASB 54 and have accordingly been combined with the General fund. To see comparisons of the original General fund and the General fund combined per GASB 54, see the reconciliation schedule in the RSI section of the financial statements. The City of Bellingham budgets on a biennial basis. The 2021-2022 adopted General fund budget for expenditures (pre-GASB 54 rollup) was \$171.9 million, the final budget after all amendments is \$193.7 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 2020.
- Increases and decreases in appropriations to recognize actual program costs.
- New appropriations to acknowledge unanticipated revenues and corresponding expenditures.

General fund 2021-2022 original versus amended budgetary comparison

	Original Budget	Amended Budget	Change
Total revenues	\$ 164,768,089	\$ 197,162,733	\$ 32,394,644
Total expenditures	\$ 171,918,861	\$ 193,677,867	\$ 21,759,006

2021 was the first year of a two-year budget cycle. The 2021 actual total revenues are 45.5% of the final two-year budget amount. Property tax, sales and use tax, business tax, other taxes, licenses and permits, and miscellaneous actual revenues finished the year strong at 48.6-55.1% of the final two-year budget. These revenues were offset by charges for services, fines and penalties, intergovernmental revenue, and investment income which were below estimated budget at 23.5%, 33.3%, 36.9%, and (28%) respectively. 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 2021 due to increased business activity from the stronger local economy as previously stated above.

Actual expenditures for 2021 are 42.9% of the final two-year budgeted amount. This is mainly due to general government expenditures coming in at only 21.8% of budget.

The General fund actual ending fund balance of \$48.5 million is above the projected final ending balance of \$44.6 million, a \$3.9 million difference. The General fund ending balance is above budget due to 2021 being the first year of a two-year budget.

Debt administration

Long-term debt

On December 31, 2021, the City's total outstanding debt was \$115.7 million, an increase of \$11.4 million over 2020.

Outstanding debt (in thousands)

	Governmental activities		Business-type activities		Total		Increase (Decrease)
	2021	2020	2021	2020	2021	2020	2021-2020
General obligation bonds	\$ 42,232	\$ 24,761	\$ -	\$ -	\$ 42,232	\$ 24,761	\$ 17,471
Revenue bonds	-	-	57,964	61,785	57,964	61,785	(3,821)
Government loans	2,300	3,053	13,251	14,715	15,551	17,768	(2,217)
Total	<u>\$ 44,532</u>	<u>\$ 27,814</u>	<u>\$ 71,215</u>	<u>\$ 76,500</u>	<u>\$ 115,747</u>	<u>\$ 104,314</u>	<u>\$ 11,433</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 2021 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

On December 31, 2021, the City has invested \$768.9 million in a wide range of capital assets throughout governmental and business-type activities, an increase of \$15.5 million from the previous year. This was due to an increase in Construction in progress (CIP) of \$22.8 million. This increase is primarily due to the following projects:

- Nooksack Fish Passage CIP increased \$7.7 million, project to date is \$17.6 million
- Park Place Water Quality Facility CIP increased \$1.4 million, project to date is \$2.1 million
- Public Works Operations Administration Building expensed \$3.1 million in the first year of project
- Orchard Street Extension CIP increased \$7 million, project to date is \$8.5 million
- Ellis Bridge Replacement CIP increased \$2.6 million, project to date is \$3 million

Capital assets (net of depreciation, in thousands)

	Governmental activities		Business-type activities		Total		Increase (Decrease)
	2021	2020	2021	2020	2021	2020	2021-2020
Capital assets, non depreciable:							
Land	\$ 86,991	\$ 87,758	\$ 52,768	\$ 51,416	\$ 139,759	\$ 139,174	\$ 585
Improvements/infrastructure	17,615	17,615	-	-	17,615	17,615	-
Construction in progress	19,779	6,742	22,801	13,003	42,580	19,745	22,835
Intangible right of ways	59,184	59,081	206	206	59,390	59,287	103
Capital assets, net of depreciation:							
Buildings	23,043	23,203	88,600	90,322	111,643	113,525	(1,882)
Improvements/infrastructure	200,375	202,371	178,273	181,033	378,648	383,403	(4,755)
Machinery and equipment	16,869	17,568	1,215	1,570	18,084	19,138	(1,054)
Intangible software	1,183	1,563	-	-	1,183	1,563	(380)
Total	\$ 425,039	\$ 415,900	\$ 343,863	\$ 337,550	\$ 768,902	\$ 753,450	\$ 15,452

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, street and facilities projects. Of the current capital commitments, \$32.1 million has been spent to date with \$38.4 million remaining.

Economic factors and Next Year's Budget

The City of Bellingham budgets on a biennial basis. 2022 represents the second year of the 2021-2022 Biennial Budget. The budget was initially developed in 2020 and was modified in late 2021 through a robust mid-biennial process, including an updated revenue forecast.

In 2020, the COVID-19 public health emergency created notable financial volatility. State mandated economic shutdowns had short term impacts on tax and fee revenues. After an initial decline in revenues in the second quarter, federal stimulus efforts buoyed the economy and the City saw tax revenues return to normal levels in the fourth quarter. 2021 saw further growth in most tax sources, outpacing projections significantly.

The 2021-2022 Biennial Budget was initially adopted to include citywide furloughs as a cost saving measure. However, in response to a brightening fiscal outlook and the widespread availability of a vaccine, the City developed a new revenue forecast and eliminated all furloughs and hiring freezes after the first quarter of 2021. The two-year budget now assumes revenues totaling \$605 million and expenses of \$707 million. The expenses in excess of projected revenues are primarily for capital projects and other one-time expenses.

The current forecast assumed significant continued economic growth through 2021 and 2022 as the economy rebounds from the losses caused by COVID-19. Revenues from economically variable tax categories such as sales tax and business and occupation were adjusted up to account for current and expected growth rates. Despite macro-economic concerns stemming from inflation and the response by the Federal Reserve, the City has maintained its optimistic 2022 forecast as consumer spending remains high. However, long-term forecasts for 2023 and 2024 are likely to grow more pessimistic as federal fiscal policy drives constrictions in the economy. The City will be mindful of these factors as it develops the 2023-2024 Biennial Budget.

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, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total Primary Government	Public Facilities District
ASSETS				
Cash and cash equivalents	\$ 41,724,037	\$ 16,466,946	\$ 58,190,983	\$ 175,347
Investments	172,622,910	69,980,749	242,603,659	745,186
Receivables, net	17,151,449	4,368,715	21,520,164	340,912
Restricted assets:				
Cash and cash equivalents	3,722,200	3,256,416	6,978,616	176,154
Investments	16,219,281	13,839,021	30,058,302	748,615
Due from other governments	9,862,769	5,134,814	14,997,583	115
Due from component units	11,882,401	-	11,882,401	-
Inventory	918,800	31,467	950,267	-
Prepaid items	76,268	-	76,268	-
Notes and contracts receivable	35,576,476	-	35,576,476	-
Net pension asset - State	76,136,339	17,820,030	93,956,369	-
Capital assets, nondepreciable:				
Land	86,990,444	52,768,318	139,758,762	1,329,860
Improvements	17,614,900	-	17,614,900	-
Construction in progress	19,779,329	22,801,181	42,580,510	-
Intangible assets - right of ways	59,184,051	206,111	59,390,162	-
Capital assets, net of depreciation:				
Buildings	23,042,530	88,600,328	111,642,858	12,231,538
Improvements	200,375,490	178,272,520	378,648,010	5,357,686
Machinery and equipment	16,869,234	1,214,690	18,083,924	-
Intangibles - software	1,183,163	-	1,183,163	-
Total assets	810,932,071	474,761,306	1,285,693,377	21,105,413
DEFERRED OUTFLOWS OF RESOURCES				
Loss on bond refunding	1,003,239	1,941,386	2,944,625	403,303
Related to pensions	6,588,566	1,596,828	8,185,394	-
Total deferred outflows of resources	7,591,805	3,538,214	11,130,019	403,303
LIABILITIES				
Accounts payable	5,943,269	3,470,547	9,413,816	32,594
Accrued wages and benefits	3,854,440	1,058,950	4,913,390	-
Deposits	1,777,085	215,610	1,992,695	-
Internal balances	(473,439)	473,439	-	-
Due to other governments	222,120	10,170	232,290	180
Unearned revenue - park programs	324,600	-	324,600	-
Unearned revenue - ARPA grant funds	10,275,791	-	10,275,791	-
Noncurrent liabilities:				
Due within one year	15,151,068	4,906,395	20,057,463	1,633,518
Due in more than one year	114,643,958	68,875,536	183,519,494	10,248,881
Total liabilities	151,718,892	79,010,647	230,729,539	11,915,173

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

CITY OF BELLINGHAM
Government-Wide
Statement of Net Position
December 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total Primary Government	Public Facilities District
DEFERRED INFLOWS OF RESOURCES				
Gain on bond refunding	-	1,390,963	1,390,963	-
Related to OPEB	2,118,861	-	2,118,861	-
Related to pensions	52,053,348	13,610,881	65,664,229	-
Total deferred inflows of resources	54,172,209	15,001,844	69,174,053	-
NET POSITION				
Net investment in capital assets	422,701,743	276,121,753	698,823,496	7,439,989
Restricted:				
<i>Expendable</i>				
Affordable housing	44,623,001	-	44,623,001	-
Capital improvements	16,808,093	9,646,513	26,454,606	-
Cemetery services	-	363,566	363,566	-
Debt service	15,987,747	4,814,309	20,802,056	924,770
Environmental remediation	8,191,713	-	8,191,713	-
Firefighter's OPEB	11,995,679	-	11,995,679	-
Firefighter's pension	7,045,454	-	7,045,454	-
Government access TV	1,031,911	-	1,031,911	-
Library projects	42,334	-	42,334	-
Net pension asset - State	76,136,339	17,820,030	93,956,369	-
Park improvements	22,398,228	-	22,398,228	-
Public safety dispatch	150,524	-	150,524	-
Public safety special purpose	447,012	-	447,012	-
Rental property inspections	-	318,484	318,484	-
Tourism	1,331,879	-	1,331,879	-
Transportation improvements	15,877,328	-	15,877,328	-
Waterfront redevelopment	9,618,229	-	9,618,229	-
<i>Nonexpendable</i>				
Permanent funds principal	9,878,015	-	9,878,015	-
Unrestricted	(51,632,454)	75,202,374	23,569,920	1,228,784
Total net position	\$ 612,632,775	\$ 384,287,029	\$ 996,919,804	\$ 9,593,543

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, 2021

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	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total Primary Government	Public Facilities District
Governmental Activities								
General Government	\$ 9,499,011	\$ 1,902,966	\$ 2,546,189	\$ 1,414,073	\$ (3,635,783)	\$ -	\$ (3,635,783)	\$ -
Public Safety	57,426,501	8,898,303	8,244,930	7,600	(40,275,668)	-	(40,275,668)	-
Transportation	17,854,727	1,793,618	348,710	15,403,664	(308,735)	-	(308,735)	-
Natural and Economic Environment	9,527,489	687,899	3,260,625	553,728	(5,025,237)	-	(5,025,237)	-
Social Services	1,191,925	-	9,109	-	(1,182,816)	-	(1,182,816)	-
Culture and Recreation	15,592,640	3,690,045	969,921	-	(10,932,674)	-	(10,932,674)	-
Interest on long-term debt	1,432,265	-	-	-	(1,432,265)	-	(1,432,265)	-
Total governmental activities	112,524,558	16,972,831	15,379,484	17,379,065	(62,793,178)	-	(62,793,178)	-
Business-Type Activities								
Water	22,484,745	31,016,623	341,180	6,608,375	-	15,481,433	15,481,433	-
Wastewater	22,454,490	27,402,030	4,707	829,794	-	5,782,041	5,782,041	-
Surface and Stormwater	9,255,395	10,134,985	485,412	1,909,656	-	3,274,658	3,274,658	-
Cemetery	351,635	389,124	-	-	-	37,489	37,489	-
Golf Course	1,520,739	1,801,085	-	-	-	280,346	280,346	-
Parking	2,308,802	1,336,068	-	-	-	(972,734)	(972,734)	-
Medic One	7,915,526	7,615,804	164,827	-	-	(134,895)	(134,895)	-
Development Services	2,996,331	3,938,256	23,597	-	-	965,522	965,522	-
Total business-type activities	69,287,663	83,633,975	1,019,723	9,347,825	-	24,713,860	24,713,860	-
Total primary government	\$ 181,812,221	\$ 100,606,806	\$ 16,399,207	\$ 26,726,890	\$ (62,793,178)	\$ 24,713,860	(38,079,318)	\$ -
Component Unit								
Public Facilities District	\$ 1,179,735	\$ 5,026	\$ -	\$ -				\$ (1,174,709)
					General revenues			
					Taxes:			
					Property	28,169,200	-	28,169,200
					Sales and use	44,770,637	-	44,770,637
					Business	39,275,347	-	39,275,347
					Real estate excise	5,850,490	-	5,850,490
					Leasehold	584,946	-	584,946
					Admissions	93,527	986,210	1,079,737
					Investment income	(1,367,360)	(617,061)	(1,984,421)
					Miscellaneous	2,721,081	365,683	3,086,764
					Transfers	526,352	(526,352)	-
					Total general revenues and transfers	120,624,220	208,480	120,832,700
					Change in net position	57,831,042	24,922,340	82,753,382
					Net position - beginning	554,801,733	359,364,689	914,166,422
					Net position - ending	\$ 612,632,775	\$ 384,287,029	\$ 996,919,804

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

CITY OF BELLINGHAM
Balance Sheet
Governmental Funds
December 31, 2021

	General	Nonmajor Governmental Fund Totals	Governmental Funds Total
ASSETS			
Cash and cash equivalents	\$ 25,648,519	\$ 10,893,642	\$ 36,542,161
Investments	109,307,320	41,694,590	151,001,910
Receivables, net	13,623,156	2,883,050	16,506,206
Due from other funds	473,439	98,555	571,994
Due from other governments	5,140,459	4,704,077	9,844,536
Due from component units	-	11,882,401	11,882,401
Interfund loans receivable	-	1,277,500	1,277,500
Prepaid items	40,989	1,250	42,239
Notes and contracts receivable	326,843	35,249,633	35,576,476
Total assets	154,560,725	108,684,698	263,245,423
LIABILITIES			
Accounts payable	3,003,848	1,777,491	4,781,339
Accrued wages and benefits	3,024,394	304,496	3,328,890
Deposits	830,175	85,367	915,542
Due to other funds	-	98,555	98,555
Interfund loans payable	24,985	1,252,515	1,277,500
Due to other governments	53,639	-	53,639
Unearned revenue - park programs	49,600	-	49,600
Unearned revenue - ARPA grant funds	10,275,791	-	10,275,791
Total liabilities	17,262,432	3,518,424	20,780,856
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - aid fees	540,259	-	540,259
Unavailable revenue - fines	603,380	-	603,380
Unavailable revenue - impact fees	7,471	-	7,471
Unavailable revenue - property taxes	220,828	37,676	258,504
Total deferred inflows of resources	1,371,938	37,676	1,409,614

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

CITY OF BELLINGHAM
Balance Sheet
Governmental Funds
December 31, 2021

	General	Nonmajor Governmental Fund Totals	Governmental Funds Total
FUND BALANCES			
<i>Nonspendable:</i>			
Permanent funds principal	-	9,878,015	9,878,015
Prepaid items	40,989	1,250	42,239
<i>Restricted:</i>			
Affordable housing	326,843	44,259,191	44,586,034
Capital improvements	16,808,093	-	16,808,093
Debt service	-	15,987,747	15,987,747
Environmental remediation	-	8,191,713	8,191,713
Firefighter's OPEB	11,971,594	-	11,971,594
Firefighter's pension	7,045,454	-	7,045,454
Government access TV	-	1,031,911	1,031,911
Library projects	-	42,334	42,334
Park maintenance and improvements	22,345,375	-	22,345,375
Public safety dispatch	-	150,524	150,524
Public safety special purpose	-	447,012	447,012
Tourism	-	1,331,879	1,331,879
Transportation improvements	1,685,504	14,189,502	15,875,006
Waterfront redevelopment	-	9,617,520	9,617,520
<i>Committed:</i>			
Legal environmental remediation	1,100,616	-	1,100,616
Police officer's OPEB	5,188,818	-	5,188,818
Police officer's pension	4,598,236	-	4,598,236
<i>Assigned:</i>			
Public safety donations	4,342	-	4,342
Streets	17,826,252	-	17,826,252
<i>Unassigned</i>	46,984,239	-	46,984,239
Total fund balances	\$ 135,926,355	\$ 105,128,598	\$ 241,054,953
Total liabilities, deferred inflows of resources and fund balances	\$ 154,560,725	\$ 108,684,698	\$ 263,245,423

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, 2021

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

Total fund balance of governmental funds		\$ 241,054,953
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		399,447,691
The following long-term assets and deferred outflows of resources are not available to pay for current period expenditures, and, therefore, are not reported in the funds:		
Accrued investment interest	265,086	
Deferred loss on bond refunding	1,003,239	
Deferred pension outflows	5,817,462	
Net pension asset - State	67,896,475	
Unavailable revenue	1,409,614	
	<hr/>	76,391,876
Internal service funds are used by management to charge the cost of certain internal functions, goods, and services to other funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.		41,072,978
The following long-term liabilities and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued interest payable on long-term debt	(51,088)	
Compensated absences	(5,837,671)	
Deferred OPEB inflows	(2,118,861)	
Deferred pension inflows	(45,285,495)	
General obligation bonds, loans, and notes payable	(17,450,051)	
Pollution remediation costs	(39,564,212)	
Premiums on long-term debt	(1,359,030)	
Total OPEB liability	(27,978,598)	
Total pension liability - City	(5,689,717)	
	<hr/>	(145,334,723)
Net position of governmental activities		<u><u>\$ 612,632,775</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, 2021

	General	Nonmajor Governmental Funds	Governmental Funds Total
REVENUES			
Taxes:			
Property	\$ 24,151,768	\$ 4,084,420	\$ 28,236,188
Sales and use	32,206,324	11,661,090	43,867,414
Business	37,285,697	1,989,650	39,275,347
Real estate excise	5,850,490	-	5,850,490
Leasehold	584,946	-	584,946
Admissions	93,527	-	93,527
Licenses and permits	848,415	259,105	1,107,520
Intergovernmental	19,290,986	8,836,525	28,127,511
Charges for services	10,020,969	5,482,106	15,503,075
Fines and penalties	299,524	-	299,524
Investment income	(772,713)	(283,756)	(1,056,469)
Miscellaneous	1,363,313	1,197,429	2,560,742
Total revenues	131,223,246	33,226,569	164,449,815
EXPENDITURES			
Current:			
General government	9,087,205	-	9,087,205
Public safety	55,969,461	8,249,522	64,218,983
Transportation	9,508,279	2,098,670	11,606,949
Natural and economic environment	4,107,711	6,021,178	10,128,889
Social services	1,191,925	-	1,191,925
Cultural and recreation	17,413,901	246,107	17,660,008
Debt service:			
Principal	-	2,670,486	2,670,486
Interest and related charges	2,838	714,083	716,921
Capital outlay	12,132,773	3,735,824	15,868,597
Total expenditures	109,414,093	23,735,870	133,149,963
Revenues over (under) expenditures	21,809,153	9,490,699	31,299,852
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	1,414,073	561,328	1,975,401
Transfers in	-	1,931,489	1,931,489
Transfers out	(5,892,288)	(663,389)	(6,555,677)
Total other financing sources and (uses)	(4,478,215)	1,829,428	(2,648,787)
Net change in fund balances	17,330,938	11,320,127	28,651,065
Fund balances - beginning	118,595,417	93,808,471	212,403,888
Fund balances - ending	\$ 135,926,355	\$ 105,128,598	\$ 241,054,953

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, 2021

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

Net change in fund balances - total governmental funds **\$ 28,651,065**

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives. The following capital asset activities are not financial resources and, therefore, are not reported in the funds:

Purchases and construction	15,870,855	
Contractor contributions and donations	2,436,992	
Abandonments and retirements	(2,319,964)	
Depreciation	<u>(10,466,933)</u>	
		5,520,950

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:

Accrued investment interest	(69,133)	
Deferred loss on bond refunding	(23,003)	
Unavailable revenue	<u>(4,276)</u>	
		(96,412)

Internal service funds are used by management to charge the cost of certain internal functions, goods, and services to individual funds. The net revenue, or the change in net position, of internal service funds is reported with governmental activities. 1,724,821

Some expenses reported in the statement of activities do not require the use current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest on long-term debt	7,961	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	2,494,074	
Changes in pension liabilities and related deferred outflows and inflows of resources	357,520	
Changes in net pension assets and related deferred outflows and inflows of resources	16,085,692	
Changes in compensated absences	368,593	
Changes in pollution remediation costs	(188,854)	
Changes in general obligation bonds, loans, and notes payable	2,670,486	
Amortization of bond premiums and discounts and deferred amounts of refunding	<u>235,146</u>	
		22,030,618

Change in net position of governmental activities **\$ 57,831,042**

CITY OF BELLINGHAM
Statement of Net Position
Proprietary Funds
December 31, 2021

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water	Wastewater	Surface and Stormwater	Nonmajor Enterprise Fund Totals	Enterprise Fund Totals	Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 4,483,931	\$ 8,696,922	\$ 1,636,797	\$ 1,649,296	\$ 16,466,946	\$ 5,181,876
Investments	19,055,678	36,959,930	6,956,011	7,009,130	69,980,749	21,621,000
Receivables, net	1,554,965	1,840,659	512,056	461,035	4,368,715	380,157
Due from other governments	3,866,571	3,897	530,296	734,050	5,134,814	18,233
Inventory	-	-	-	31,467	31,467	918,800
Prepaid items	-	-	-	-	-	34,029
Restricted cash and cash equivalents	321,809	364,791	-	-	686,600	3,722,200
Restricted investments	1,367,612	1,550,277	-	-	2,917,889	16,219,281
Total current assets	30,650,566	49,416,476	9,635,160	9,884,978	99,587,180	48,095,576
Noncurrent assets:						
Restricted cash and cash equivalents	471,630	2,016,080	-	82,106	2,569,816	-
Restricted investments	2,004,321	8,567,878	-	348,933	10,921,132	-
Net pension asset - State	2,668,275	2,623,138	1,550,245	10,978,372	17,820,030	6,515,657
Capital assets, nondepreciable:						
Land	42,447,297	3,925,297	4,874,089	1,521,635	52,768,318	40,102
Construction in progress	18,277,853	2,339,906	2,183,422	-	22,801,181	4,147,267
Intangibles - right of ways	-	118,769	87,342	-	206,111	-
Capital assets, net of depreciation:						
Buildings	5,078,601	81,279,078	-	2,242,649	88,600,328	869,985
Improvements	82,631,961	51,891,268	43,252,010	497,281	178,272,520	5,117,446
Machinery and equipment	264,645	809,103	17,545	123,397	1,214,690	14,803,288
Intangibles - software	-	-	-	-	-	613,362
Total noncurrent assets	153,844,583	153,570,517	51,964,653	15,794,373	375,174,126	32,107,107
Total assets	184,495,149	202,986,993	61,599,813	25,679,351	474,761,306	80,202,683
DEFERRED OUTFLOWS OF RESOURCES						
Loss on bond refunding	155,154	1,786,232	-	-	1,941,386	-
Related to pensions	315,780	310,438	183,466	787,144	1,596,828	771,104
Total deferred outflows of resources	470,934	2,096,670	183,466	787,144	3,538,214	771,104
LIABILITIES						
Current liabilities:						
Accounts payable	716,857	1,674,465	652,150	427,075	3,470,547	1,161,929
Accrued wages and benefits	219,713	243,351	146,742	449,144	1,058,950	525,550
Deposits	1,150	19,402	46,529	148,529	215,610	810,455
Due to other funds	-	-	-	473,439	473,439	-
Due to other governments	-	-	-	10,170	10,170	168,481
Unearned revenue	-	-	-	-	-	30,000
Current portion of noncurrent liabilities:						
Bonds payable, net	783,000	998,324	-	-	1,781,324	691,855
Compensated absences	297,221	294,414	139,824	855,497	1,586,956	593,457
Intergovernmental loans	817,090	13,493	707,532	-	1,538,115	-
Claims and judgments payable	-	-	-	-	-	1,571,354
Total current liabilities	2,835,031	3,243,449	1,692,777	2,363,854	10,135,111	5,553,081

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

CITY OF BELLINGHAM
Statement of Net Position
Proprietary Funds
December 31, 2021

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water	Wastewater	Surface and Stormwater	Nonmajor Enterprise Fund Totals	Enterprise Fund Totals	Internal Service Funds
Noncurrent liabilities:						
Bonds payable, net	2,495,000	53,688,071	-	-	56,183,071	25,226,940
Compensated absences	43,671	25,884	26,321	61,213	157,089	176,259
Intergovernmental loans	8,577,680	444,857	2,690,315	-	11,712,852	-
Claims and judgments payable	-	-	-	-	-	1,310,000
Other noncurrent liabilities	-	-	-	-	-	245,000
Net pension liability - State	254,588	250,280	147,913	169,743	822,524	621,676
Total noncurrent liabilities	11,370,939	54,409,092	2,864,549	230,956	68,875,536	27,579,875
Total liabilities	14,205,970	57,652,541	4,557,326	2,594,810	79,010,647	33,132,956
DEFERRED INFLOWS OF RESOURCES						
Gain on bond refunding	-	1,390,963	-	-	1,390,963	-
Related to pensions	2,771,553	2,724,669	1,610,249	6,504,410	13,610,881	6,767,853
Total deferred inflows of resources	2,771,553	4,115,632	1,610,249	6,504,410	15,001,844	6,767,853
NET POSITION						
Net investment in capital assets	136,182,741	88,537,489	47,016,562	4,384,961	276,121,753	25,605,766
Restricted:						
Capital improvements	2,202,938	7,443,575	-	-	9,646,513	-
Cemetery endowment / preneed	-	-	-	363,566	363,566	-
Debt service	618,783	4,195,526	-	-	4,814,309	-
Net pension asset - State	2,668,275	2,623,138	1,550,245	10,978,372	17,820,030	6,515,657
Rental property inspections	-	-	-	318,484	318,484	-
Unrestricted	26,315,823	40,515,762	7,048,897	1,321,892	75,202,374	8,951,555
Total net position	\$ 167,988,560	\$ 143,315,490	\$ 55,615,704	\$ 17,367,275	\$ 384,287,029	\$ 41,072,978

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, 2021

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water	Wastewater	Surface and Stormwater	Nonmajor Enterprise Fund Totals	Enterprise Fund Totals	Internal Service Funds
Operating revenues:						
Sales of merchandise	\$ -	\$ -	\$ -	\$ 474,751	\$ 474,751	\$ 2,755,774
Charges for services	31,016,623	27,402,030	10,134,985	14,605,586	83,159,224	30,973,632
Total operating revenues	31,016,623	27,402,030	10,134,985	15,080,337	83,633,975	33,729,406
Operating expenses:						
Labor	2,636,561	3,633,258	1,970,023	7,979,922	16,219,764	8,491,280
Materials and supplies	1,773,153	1,570,867	304,705	833,338	4,482,063	3,525,092
Services	4,912,232	7,495,356	2,716,148	4,848,657	19,972,393	12,254,078
Depreciation	3,110,127	4,304,862	1,350,266	303,097	9,068,352	2,414,685
Taxes	6,427,183	3,651,189	1,281,538	16,180	11,376,090	935
Insurance	184,856	64,714	42,719	64,313	356,602	1,619,489
Claims	-	-	-	26,504	26,504	9,077,250
Total operating expenses	19,044,112	20,720,246	7,665,399	14,072,011	61,501,768	37,382,809
Operating income (loss)	11,972,511	6,681,784	2,469,586	1,008,326	22,132,207	(3,653,403)
Nonoperating revenues (expenses):						
External grants and subsidies	341,180	4,707	485,412	188,424	1,019,723	218,645
Assessments and tax levies	-	-	-	986,210	986,210	903,223
Investment interest	286,405	592,923	93,046	93,031	1,065,405	413,270
Net incr (decr) in fair value of investments	(443,416)	(948,347)	(130,685)	(160,018)	(1,682,466)	(655,028)
Interest expense and related charges	(230,377)	(1,446,965)	(65,844)	-	(1,743,186)	(723,305)
Gain (loss) on sale of capital assets	-	-	-	(46,101)	(46,101)	(87,198)
Other nonoperating revenues	131,588	32,986	571	200,538	365,683	160,339
Other nonoperating expenses	(3,210,256)	(287,279)	(1,524,152)	(974,921)	(5,996,608)	(2,262)
Total nonoperating revenues (expenses)	(3,124,876)	(2,051,975)	(1,141,652)	287,163	(6,031,340)	227,684
Income (loss) before contributions and transfers	8,847,635	4,629,809	1,327,934	1,295,489	16,100,867	(3,425,719)
Capital grants and contributions	6,608,375	829,794	1,909,656	-	9,347,825	-
Transfers in	-	-	-	44,000	44,000	5,691,921
Transfers out	(182,628)	(180,826)	(176,737)	(30,161)	(570,352)	(541,381)
Change in net position	15,273,382	5,278,777	3,060,853	1,309,328	24,922,340	1,724,821
Total net position - beginning	152,715,178	138,036,713	52,554,851	16,057,947	359,364,689	39,348,157
Total net position - ending	\$ 167,988,560	\$ 143,315,490	\$ 55,615,704	\$ 17,367,275	\$ 384,287,029	\$ 41,072,978

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, 2021

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water	Wastewater	Surface and Stormwater	Nonmajor Enterprise Fund Totals	Enterprise Fund Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from outside customers	\$ 34,191,432	\$ 27,153,149	\$ 11,476,580	\$ 14,405,371	\$ 87,226,532	\$ 235,861
Receipts from interfund services provided				-	-	38,727,437
Payments to employees	(3,702,126)	(4,610,052)	(2,286,385)	(10,126,102)	(20,724,665)	(11,068,064)
Payments to suppliers and service providers	(11,122,444)	(10,456,795)	(2,430,791)	(2,649,443)	(26,659,473)	(18,280,154)
Payments to claimants	-	-	-	(26,504)	(26,504)	(9,063,349)
Payments for interfund services used	(3,064,555)	(2,253,627)	(1,852,050)	(2,557,972)	(9,728,204)	(3,224,488)
Other receipts	131,588	32,986	571	200,538	365,683	86,347
Other payments	(3,210,256)	(287,279)	(1,524,152)	-	(5,021,687)	-
Net cash from operating activities	13,223,639	9,578,382	3,383,773	(754,112)	25,431,682	(2,586,410)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in from other funds	-	-	-	44,000	44,000	1,191,921
Transfers out to other funds	(182,628)	(180,826)	(176,737)	(30,161)	(570,352)	(541,381)
Operating grants and loans	314,578	4,707	313,252	188,424	820,961	218,645
Excise tax receipts	-	-	-	986,210	986,210	903,223
Taxes passed on to other governments	-	-	-	(974,921)	(974,921)	-
Net cash from noncapital financing activities	131,950	(176,119)	136,515	213,552	305,898	1,772,408
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES						
Transfers in from other funds	-	-	-	-	-	4,500,000
Local improvement district proceeds	-	1,958	-	-	1,958	-
Proceeds from issuance of capital bonds	-	38,006,427	-	-	38,006,427	20,078,795
Intergovernmental loan proceeds	-	-	28,828	-	28,828	-
Capital grants and loans	1,346,284	-	426,796	-	1,773,080	-
Contributions from developers	-	-	88,108	-	88,108	-
Principal payments on capital debt	(1,583,090)	(39,669,854)	(675,983)	-	(41,928,927)	(260,000)
Interest payments on capital debt	(216,006)	(1,515,393)	(65,844)	-	(1,797,243)	(674,201)
Purchases of capital assets	(9,443,509)	(993,716)	(1,459,796)	(10,658)	(11,907,679)	(6,177,321)
Sale of capital assets	-	-	-	-	-	54,827
Net cash from capital financing activities	(9,896,321)	(4,170,578)	(1,657,891)	(10,658)	(15,735,448)	17,522,100
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sales and maturity of investments	7,566,413	13,763,245	1,723,862	3,898,099	26,951,619	12,567,477
Purchase of investments	(11,204,873)	(19,801,399)	(3,475,240)	(3,767,815)	(38,249,327)	(27,183,349)
Interest and dividends received	289,808	604,270	92,464	97,629	1,084,171	396,727
Net cash from investment activities	(3,348,652)	(5,433,884)	(1,658,914)	227,913	(10,213,537)	(14,219,145)
Net increase (decrease) in cash and equivalents	110,616	(202,199)	203,483	(323,305)	(211,405)	2,488,953
Cash and cash equivalents - beginning of year	5,166,754	11,279,992	1,433,314	2,054,707	19,934,767	6,415,123
Cash and cash equivalents - end of year	\$ 5,277,370	\$ 11,077,793	\$ 1,636,797	\$ 1,731,402	\$ 19,723,362	\$ 8,904,076

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, 2021

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water	Wastewater	Surface and Stormwater	Nonmajor Enterprise Fund Totals	Enterprise Fund Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash from operating activities:						
Operating income (loss)	\$ 11,972,511	\$ 6,681,784	\$ 2,469,586	\$ 1,008,326	\$ 22,132,207	\$ (3,653,403)
<i>Adjustments to reconcile operating income (loss) to net cash from operating activities:</i>						
Depreciation	3,110,127	4,304,862	1,350,266	303,097	9,068,352	2,414,685
Pension expense - proportionate share	(1,049,655)	(979,500)	(548,639)	(2,231,075)	(4,808,869)	(2,448,598)
Miscellaneous income	131,588	32,986	571	200,538	365,683	160,339
Miscellaneous expense	(3,210,256)	(287,279)	(1,524,152)	-	(5,021,687)	-
(Increase) decrease in accounts receivable	(165,627)	(249,287)	228,127	(56,789)	(243,576)	(31,187)
(Increase) decrease in due from other governments	3,340,436	406	1,113,468	(618,177)	3,836,133	80,756
(Increase) decrease in inventories	-	-	-	1,832	1,832	141,714
(Increase) decrease in prepaid items	-	-	-	-	-	24,108
Increase (decrease) in accounts payable	(864,848)	62,423	276,612	19,787	(506,026)	(76,706)
Increase (decrease) in wages and benefits payable	(15,910)	2,706	43,111	84,895	114,802	(128,186)
Increase (decrease) in revenues collected in advance	(19,859)	8,979	(25,183)	-	(36,063)	-
Increase (decrease) in due to other funds	-	-	-	473,439	473,439	-
Increase (decrease) in due to other governments	-	(10)	-	7,053	7,043	5,105
Increase (decrease) in other current liabilities	-	-	-	21,453	21,453	902,080
Increase (decrease) in other long-term liabilities	(4,868)	312	6	31,509	26,959	22,883
Total Adjustments	1,251,128	2,896,598	914,187	(1,762,438)	3,299,475	1,066,993
Net cash from operating activities	\$ 13,223,639	\$ 9,578,382	\$ 3,383,773	\$ (754,112)	\$ 25,431,682	\$ (2,586,410)
Schedule of noncash activities:						
Net change in fair value of investments	(443,416)	(948,347)	(130,685)	(160,018)	(1,682,466)	(655,028)
Contributions from developers	1,622,598	829,794	1,067,209	-	3,519,601	-

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

CITY OF BELLINGHAM
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2021

	<u>Custodial Fund</u>
ASSETS	
Cash and cash equivalents	\$ 172,857
Leasehold tax receivable	<u>71,183</u>
Total assets	<u><u>244,040</u></u>
LIABILITIES	
Due to other governments	<u>244,040</u>
Total liabilities	<u><u>244,040</u></u>
NET POSITION	
Restricted for other governments	<u>-</u>
Total net position	<u><u>\$ -</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 Fund
For the Year Ended December 31, 2021

	<u>Custodial Fund</u>
ADDITIONS	
Court shared revenue collections	\$ 300,222
Leasehold tax collections	123,124
Total additions	<u>423,346</u>
DEDUCTIONS	
Court shared revenue remittances	300,222
Leasehold tax remittances	123,124
Total deductions	<u>423,346</u>
Change in net position	-
Net position - beginning	-
Net position - ending	<u>\$ -</u>

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



CITY OF BELLINGHAM
Notes to the Basic Financial Statements
December 31, 2021
Index to the Notes

1. Summary of significant accounting policies _____	44
2. Stewardship, compliance and accountability _____	53
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 _____	61
9. Capital construction commitments _____	62
10. Long-term debt _____	63
11. Restricted component of net position _____	69
12. Risk management _____	70
13. Contingencies _____	73
14. Pollution remediation obligations _____	73
15. Interlocal agreements _____	75
16. Endowments _____	76
17. Pension plans _____	78
18. Other post-employment benefits (OPEB) _____	93
19. Tax abatements _____	100
20. Asset Retirement Obligation (ARO) _____	100
21. New Funds _____	101
22. COVID-19 pandemic _____	101

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. Separately issued financial statements may be obtained by writing to:

City of Bellingham
Finance Director
210 Lottie St.
Bellingham, WA 98225
adasbjornsen@cob.org

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 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 ACFR. 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 were also reported in the *General fund* to comply with GASB Statement No. 84. As of 2020, there are a total of eight funds in addition to the originally budgeted *General fund* that roll up as part of the combined *General fund* presented in the ACFR. 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 three 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.

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. The City reports the *Guaranty Deposit* fund as a custodial fund.

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 funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

The custodial fund uses the economic resources measurement focus and 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
- 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 of more than 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 assets that applies to future periods 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 assets that applies to future periods 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 the Guild of Pacific Northwest Employees Local 1937

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.

Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The operating revenues of the proprietary funds are charges to customers for sales and services and sales of merchandise both of which are directly related to the fund's principal operations. Operating expenses for enterprise and internal service funds include labor, materials and supplies, services, depreciation, taxes, insurance, and claims all of which are directly related to the fund's principal operations. Revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Pensions

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

Other post-employment benefits (OPEB)

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

Long-term obligations

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

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

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 the Deputy Finance Director. 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 eight 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.

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. Excess of expenditures over appropriations

As of December 31, 2021, 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 are held in financial institutions that are entirely covered by the Federal Depository Insurance Corporation (FDIC) up to the first \$250,000, and by the Washington State Public Deposit Protection Commission (PDPC) for 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, 2021.

The City is a participant in the Washington State Local Government Investment Pool (LGIP), an external investment vehicle operated by the Washington State Treasurer. The pool is neither rated nor registered with the SEC. Oversight is provided by the State Finance Committee in accordance with RCW 43.250. The LGIP offers 100% liquidity to its participants. The amortized cost of the position in the LGIP is the purchase price and is reported by the City as *cash and cash equivalents*.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at www.tre.wa.gov.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. To minimize risk of loss arising from interest rate fluctuations, the City manages its exposure to declines in fair values by limiting the maximum maturity length of investments to five years.

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 investments as of December 31, 2021

Investment type / issuer	Fair value	Maturity period			% of total	Moody's rating
		≥ 3 months	4-12 months	1-5 years		
U.S. Treasury Securities (explicitly guaranteed):						
U.S. Treasury Notes	\$ 40,001,945	\$ -	\$ -	\$ 40,001,945	14.59%	
U.S. Agency Securities (implicitly guaranteed):						
Federal Farm Credit Bank (FFCB)	81,648,338	-	5,041,245	76,607,093	29.78%	Aaa
Federal National Mortgage Association (FNMA)	49,639,350	-	10,102,580	39,536,770	18.11%	Aaa
Federal Home Loan Bank (FHLB)	46,208,620	5,023,345	-	41,185,275	16.85%	Aaa
Federal Home Loan Mortgage Corp. (FHLMC)	17,141,658	-	3,534,647	13,607,011	6.25%	Aaa
Farmer MAC (FMAC)	14,107,753	5,001,470	-	9,106,283	5.15%	Aaa
Municipal Bonds:						
State of Georgia	5,246,750	-	-	5,246,750	1.91%	Aaa
Tulsa CO ISD #5	5,140,700	-	-	5,140,700	1.88%	Aa2
New York City Taxable GO Bonds	10,041,800	-	-	10,041,800	3.66%	Aa1
Midlothian TX Independent School District	3,732,523	-	-	3,732,523	1.36%	Aaa
Colton CA Joint Unified School District	1,246,325			1,246,325	0.45%	Aa3
Total investments at fair value	\$ 274,155,762	\$ 10,024,815	\$ 18,678,472	\$ 245,452,475	100.00%	

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

Bellingham-Whatcom Public Facilities District	
Cash and cash equivalents	
Local Government Investment Pool	\$ 262,065
Deposits	89,436
Total cash and cash equivalents	351,501
Investments at fair value	
U.S. Treasury Securities	217,960
U.S. Agency Securities	1,137,399
Municipal Bonds	138,442
Total investments	1,493,801
Total deposits and investments	\$ 1,845,302

Reconciliation to basic financial statements	
Total investments at fair value	\$ 274,155,762
Cash and cash equivalents	
Local Government Investment Pool	48,978,843
Deposits with bank	16,715,114
Total cash and cash equivalents	65,693,957
<i>Less:</i>	
Fiduciary fund cash and investments	(172,857)
Government-wide SNP cash and investments	\$ 339,676,862

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1 inputs: Quoted prices for identical assets in active markets;
- Level 2 inputs: Observable inputs other than those in Level 1; and
- Level 3 inputs: Unobservable inputs.

Fair value measurement as of December 31, 2021

Investments by fair value level	Level 1	Level 2	Level 3	Totals
U.S. Treasury Securities	\$ 40,001,945	\$ -	\$ -	\$ 40,001,945
U.S. Agency Securities	-	208,745,718	-	208,745,718
Municipal Bonds	-	25,408,098	-	25,408,098
Total investments by fair value level	\$ 40,001,945	\$234,153,817	\$ -	\$274,155,762

4. Receivables

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

Receivables as of December 31, 2021

Governmental funds	General	Nonmajor governmental
Taxes	\$ 6,025,631	\$ 2,145,298
Accounts	18,174,210	737,752
Gross receivables	24,199,841	2,883,050
Less: allowance for uncollectible	(10,576,685)	-
Total governmental	\$ 13,623,156	\$ 2,883,050

Proprietary funds	Water	Waste water	Surface & stormwater	Nonmajor enterprise	Internal service
Interest	\$ 46,606	\$ 97,832	\$ 14,455	\$ 15,291	\$ 78,635
Taxes	-	-	-	170,989	156,698
Accounts	1,508,359	1,742,827	497,601	1,448,305	144,824
Gross receivables	1,554,965	1,840,659	512,056	1,634,585	380,157
Less: allowance for uncollectible	-	-	-	(1,173,550)	-
Total business-type	\$ 1,554,965	\$ 1,840,659	\$ 512,056	\$ 461,035	\$ 380,157

Fiduciary funds	Guaranty Deposit
Tax Accounts	\$ 71,183
Total fiduciary	\$ 71,183

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 2021 was \$14,910,058,837. The City's regular levy rate was \$1.269/\$1,000, for a total regular levy of \$18,914,473.

Special levies approved by the voters are not subject to the same statutory limitations. For 2021, voters authorized an additional special levy rate of \$0.624/\$1,000, totaling \$9,297,272.

Property tax levies 2021			
Purpose of Levy	Type	Rate/\$1,000	Tax
General fund	regular levy	1.0876604075	\$ 16,217,081
Fire pension	regular levy	0.1766966615	2,634,558
New What RDA LIFT	regular levy	0.0042142704	62,835
Total regular levy		1.2685713394	18,914,473
Affordable Housing	special levy	0.2689459541	4,010,000
Greenways IV - parks	special levy	0.3546110762	5,287,272
Total special levy		0.6235570303	9,297,272
Total Levy		1.8921283697	\$ 28,211,745

6. Capital assets

Capital asset activity for the year ended December 31, 2021, is summarized as follows:

Primary government				
Governmental activities	Beginning balance 1/1/2021	Additions	Reductions	Ending balance 12/31/2021
Capital assets not being depreciated:				
Land	\$ 87,757,587	\$ 309,929	\$ (1,077,072)	\$ 86,990,444
Improvements	17,614,900	-	-	17,614,900
Construction in progress	6,741,771	16,745,883	(3,708,325)	19,779,329
Intangibles - right of ways	59,081,370	102,681	-	59,184,051
Total capital assets, not being depreciated/amortized	171,195,628	17,158,493	(4,785,397)	183,568,724
Capital assets being depreciated/amortized:				
Buildings	46,960,158	735,937	-	47,696,095
Improvements other than buildings	355,608,768	7,529,914	(358,314)	362,780,368
Machinery and equipment	37,164,328	1,952,219	(507,832)	38,608,715
Intangibles - software	5,012,707	-	-	5,012,707
Total capital assets being depreciated/amortized	444,745,961	10,218,070	(866,146)	454,097,885
Less accumulated depreciation/amortization for:				
Buildings	(23,757,569)	(895,996)	-	(24,653,565)
Improvements other than buildings	(153,238,148)	(9,525,045)	358,315	(162,404,878)
Machinery and equipment	(19,595,849)	(2,509,439)	365,807	(21,739,481)
Intangibles - software	(3,450,184)	(379,360)	-	(3,829,544)
Total accumulated depreciation/amortization	(200,041,750)	(13,309,840)	724,122	(212,627,468)
Total capital assets, being depreciated/amortized, net	244,704,211	(3,091,770)	(142,024)	241,470,417
Governmental activities capital assets, net	<u>\$ 415,899,839</u>	<u>\$ 14,066,723</u>	<u>\$ (4,927,421)</u>	<u>\$ 425,039,141</u>

Business-type activities	Beginning balance 1/1/2021	Additions	Reductions	Ending balance 12/31/2021
Capital assets not depreciated/amortized:				
Land	\$ 51,416,349	\$ 1,351,969	\$ -	\$ 52,768,318
Construction in progress	13,002,933	10,678,380	(880,132)	22,801,181
Intangibles - right of ways	206,111	-	-	206,111
Total capital assets, not being depreciated/amortized	64,625,393	12,030,349	(880,132)	75,775,610
Capital assets depreciated/amortized:				
Buildings	143,026,351	1,073,311	(109,870)	143,989,792
Improvements other than buildings	304,295,349	3,193,095	-	307,488,444
Machinery and equipment	5,963,307	10,658	(337,880)	5,636,085
Intangibles - software	284,325	-	-	284,325
Total capital assets, being depreciated/amortized	453,569,332	4,277,064	(447,750)	457,398,646
Less accumulated depreciation/amortization for:				
Buildings	(52,703,874)	(2,795,460)	109,870	(55,389,464)
Improvements other than buildings	(123,262,836)	(5,953,088)	-	(129,215,924)
Machinery and equipment	(4,393,369)	(319,804)	291,778	(4,421,395)
Intangibles - software	(284,325)	-	-	(284,325)
Total accumulated depreciation/amortization	(180,644,404)	(9,068,352)	401,648	(189,311,108)
Total capital assets, being depreciated/amortized, net	272,924,928	(4,791,288)	(46,102)	268,087,538
Business-type activities capital assets, net	<u>\$337,550,321</u>	<u>\$ 7,239,061</u>	<u>\$ (926,234)</u>	<u>\$ 343,863,148</u>

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

Governmental activities	
General governmental	\$ 264,644
Public safety	824,858
Transportation	7,284,499
Cultural and recreational	2,438,796
Economic environment	63,633
Environmental remediation	18,725
Internal service fund capital assets are charged to various functions based on the usage of the assets	2,414,685
Total depreciation expense - governmental activities	<u>\$ 13,309,840</u>
Business-type activities	
Cemetery	\$ 2,940
Water	3,110,127
Wastewater	4,304,862
Storm and surface water	1,350,266
Golf	39,961
Parking	123,925
Medic one	136,271
Total depreciation expense - business-type activities	<u>\$ 9,068,352</u>

Capital asset activity for the year ended December 31, 2021, is summarized as follows:

Discretely presented component unit				
Bellingham-Whatcom Public Facility District	Beginning balance 1/1/2021	Additions	Reductions	Ending balance 12/31/2021
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	(6,539,057)	(324,015)	-	(6,863,072)
Improvements other than buildings	(3,435,538)	(276,854)	-	(3,712,392)
To Total accumulated depreciation/amortization	(9,974,595)	(600,869)	-	(10,575,464)
Total capital assets, being depreciated/amortized, net	18,190,093	(600,869)	-	17,589,224
Public Facilities District capital assets, net	<u>\$ 19,519,953</u>	<u>\$ (600,869)</u>	<u>\$ -</u>	<u>\$ 18,919,084</u>

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, 2021

	Interfund loans receivable	Interfund loans payable	Due from other funds	Due to other funds
General	\$ -	\$ 24,985	\$ 473,439	\$ -
Nonmajor governmental	1,277,500	1,252,515	98,555	98,555
Total government-wide	<u>\$ 1,277,500</u>	<u>\$ 1,277,500</u>	<u>\$ 571,994</u>	<u>\$ 98,555</u>

Internal balances between governmental activities and business type activities \$ 473,439

Greenways Maintenance Endowment fund made a \$1,465,993 loan, authorized by ordinance No. 2020-12-043, to the Public Safety Dispatch Fund in 2021 for the purchase of equipment. There is \$1,252,515 principal balance remaining on this loan at year-end, and of that amount an estimated \$962,147 will not be repaid in 2022.

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, 2021

	Transfers In	Transfers Out							Net
		General	Nonmajor Governmental	Water	Wastewater	Surface & Stormwater	Nonmajor Enterprise	Internal Service	
Nonmajor Governmental	\$ 1,931,489	\$ (1,164,326)	\$ (662,673)	\$ (5,972)	\$ (4,602)	\$ (1,493)	\$ (22,934)	\$ (69,489)	\$ -
Nonmajor Enterprise	44,000	(44,000)	-	-	-	-	-	-	-
Internal Service	5,691,921	(4,683,962)	(716)	(176,656)	(176,224)	(175,244)	(7,227)	(471,892)	-
Total	<u>\$ 7,667,410</u>	<u>\$ (5,892,288)</u>	<u>\$ (663,389)</u>	<u>\$ (182,628)</u>	<u>\$ (180,826)</u>	<u>\$ (176,737)</u>	<u>\$ (30,161)</u>	<u>\$ (541,381)</u>	<u>\$ -</u>

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 2021 totaled \$674,695. The future minimum lease payments for non-cancelable leases are as follows:

Future minimum lease payments at December 31, 2021		
--	--	--

2022	\$	330,763
2023		235,485
2024		107,924
2025		12,005
2026		4,291
Total	\$	<u>690,467</u>

9. Capital construction commitments

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

Construction commitments as of December 31, 2021		
--	--	--

	Spent to date	Remaining commitment
Street projects	\$ 3,365,665	\$ 5,871,181
Parks projects	2,822,545	2,286,313
Water projects	18,277,853	269,799
Wastewater projects	2,339,906	10,577,577
Stormwater projects	2,183,422	734,439
Facilities projects	3,147,985	18,695,120
	<u>\$ 32,137,376</u>	<u>\$ 38,434,429</u>

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. Facilities projects are financed with funding from the *Street, Water, Wastewater and Stormwater funds*.

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, construction of new administration buildings at the Pacific Street complex, and refunding of previously issued bonds. General obligation bonds have been issued for both governmental 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 will be repaid by the *Environmental Remediation fund*. The 2021 LTGO bonds will be paid for by the *General fund*, *Water fund*, *Wastewater fund*, and *Surface and Stormwater fund*.

General obligation bonds outstanding December 31, 2021					
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%	5,590,000
16 LTGO Rfdg of 07 PFD bond A Museum/Theater	8,815,000	04/20/16	12/01/27	.60 - 4.00%	7,195,000
14 LTGO Solid Waste Rfdg A Pollution Remediation	3,170,000	12/17/14	12/01/25	3.00 - 4.00%	2,365,000
21 LTGO Pacific St Complex Buildings	17,705,000	06/23/21	12/01/40	2.00 - 5.00%	17,445,000
Total general obligation bonds outstanding	<u>\$ 50,540,000</u>				<u>\$ 38,695,000</u>

General obligation bond annual debt service requirements to maturity			
Year ending December 31	Governmental activities		
	Principal	Interest	Total requirements
2022	\$ 2,915,000	\$ 1,444,605	\$ 4,359,605
2023	3,070,000	1,336,205	4,406,205
2024	3,310,000	1,212,555	4,522,555
2025	9,645,000	1,086,030	10,731,030
2026	3,135,000	605,950	3,740,950
2027-2031	6,845,000	1,779,550	8,624,550
2032-2036	5,205,000	793,800	5,998,800
2037-2040	4,570,000	230,700	4,800,700
Total	<u>\$ 38,695,000</u>	<u>\$ 8,489,395</u>	<u>\$ 47,184,395</u>

As of December 31, 2021, the City has \$4,587,816 available in debt service funds and \$108,369 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, 2021

Name of issuance/purpose	Original issue amount	Issue date	Maturity date	Interest rates	Debt outstanding
Business-type activities					
15 Water/Sewer Rfdg bond system imprvmts	4,035,000	11/10/15	08/01/26	2.17%	2,088,000
20 Water/Sewer Rfdg bond system imprvmts	18,935,000	09/09/20	08/01/43	.56 - 2.68%	18,060,000
21 Water/Sewer Rfdg bond system imprvmts	29,455,000	05/04/21	08/01/41	5.00%	29,455,000
Total revenue bonds outstanding	<u>\$ 52,425,000</u>				<u>\$ 49,603,000</u>

Revenue bond annual debt service requirements to maturity

Year ending December 31	Business-type activities		
	Principal	Interest	Total requirements
2022	\$ 1,493,000	\$ 1,897,646	\$ 3,390,646
2023	1,520,000	1,871,574	3,391,574
2024	1,551,000	1,844,243	3,395,243
2025	1,592,000	1,814,986	3,406,986
2026	1,642,000	1,765,670	3,407,670
2027-2031	9,360,000	7,833,001	17,193,001
2032-2036	11,525,000	5,682,520	17,207,520
2037-2041	14,305,000	2,886,842	17,191,842
2042-2043	6,615,000	267,062	6,882,062
Total	<u>\$ 49,603,000</u>	<u>\$ 25,863,543</u>	<u>\$ 75,466,543</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 \$75,466,543. Principal and interest expense for the current year and total net available income were \$2,780,270 and \$31,900,583, respectively.

To service revenue bond debt, \$3,413,395 is available in the reserve accounts of the *Water* and *Wastewater* enterprise funds as of December 31, 2021 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

11.47%. 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.

Government loans

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

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

Government loan debt outstanding December 31, 2021					
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%	\$ 157,935
2014 WA State COP - Six Ambulances	867,507	08/28/14	06/01/24	2.13%	307,116
2015 WA State COP - LED Lights	3,205,000	09/24/15	12/01/27	2.70%	1,835,000
Total governmental activities	7,047,507				2,300,051
Business-type activities					
PWTF Water Main Replacement	1,938,000	07/25/02	07/01/22	0.50%	102,284
DOH Water Pre-treatment Plant	11,998,800	05/27/15	10/01/34	1.50%	9,292,486
EDI North End Regional Stormwater Facility	1,675,000	12/18/15	12/18/22	1.00%	246,489
DOE L1200033 Padden Creek Daylighting	1,426,000	05/10/13	05/31/36	2.60%	1,097,253
DOE L1300017 Squalicum Crk Reroute Ph I	528,632	07/01/15	12/31/36	2.70%	423,112
DOE L1400010 Squalicum Crk Reroute Ph II	543,536	07/01/15	12/31/36	2.30%	438,191
DOE L1400025 Texas/Columbia Storm Mains	1,414,000	12/31/14	06/30/23	1.10%	468,165
DOE EL160594 Squalicum Crk Reroute Ph III	528,813	11/09/16	12/31/38	2.40%	528,813
DOE EL180465 Squalicum Crk Reroute Ph IV	195,824	10/31/20	06/30/43	1.50%	195,824
DOE EL190008 Roeder Lift Station Imprv	458,350	06/01/18	10/01/40	1.50%	458,350
Total business-type activities	20,706,955				13,250,967
Total governmental loans outstanding	<u>\$ 27,754,462</u>				<u>\$ 15,551,018</u>

Government loan annual debt service requirements to maturity						
Year ending December 31	Governmental activities			Business-type activities		
	Principal	Interest	Totals	Principal	Interest	Total requirements
2022	\$ 530,232	\$ 84,969	\$ 615,201	\$ 1,538,115	\$ 214,789	\$ 1,752,904
2023	392,287	65,440	457,727	1,030,414	215,797	1,246,211
2024	402,532	53,307	455,839	888,808	183,195	1,072,003
2025	310,000	35,869	345,869	892,956	168,325	1,061,281
2026	330,000	20,369	350,369	897,205	153,353	1,050,558
2027-2031	335,000	10,469	345,469	4,553,518	538,444	5,091,962
2032-2036	-	-	-	3,114,622	178,066	3,292,688
2037-2041	-	-	-	328,463	38,282	366,745
2042	-	-	-	6,866	12,398	19,264
Total	\$ 2,300,051	\$ 270,423	\$ 2,570,474	\$ 13,250,967	\$ 1,702,649	\$ 14,953,616

The following table is a summary of the changes in long-term liabilities for the year ended December 31, 2021. 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, 2021						
Debt type	Beginning balance	Additions	Reductions	Ending balance	Due in ≤ 1 year	Due in > 1 year
Governmental activities						
Bonds payable						
General obligation bonds - govt	\$ 17,305,000	\$ -	\$ (2,155,000)	\$ 15,150,000	\$ 2,305,000	\$ 12,845,000
Premium - govt	1,356,284	-	(193,340)	1,162,944	193,340	969,604
Taxable energy conservation bonds	6,100,000	-	-	6,100,000	-	6,100,000
General obligation bonds - Int servc	-	\$ 17,705,000	(260,000)	17,445,000	610,000	16,835,000
Premium - Int servc	-	2,414,029	(40,234)	2,373,795	81,855	2,291,940
Total bonds payable	24,761,284	20,119,029	(2,648,574)	42,231,739	3,190,195	39,041,544
Government loans	2,815,537	-	(515,486)	2,300,051	530,232	1,769,819
Premium	237,891	-	(41,807)	196,084	41,807	154,277
Total government loans	3,053,428	-	(557,293)	2,496,135	572,039	1,924,096
Claims and litigation	1,832,131	10,126,473	(9,077,250)	2,881,354	1,571,354	1,310,000
Pollution remediation obligation	39,375,358	611,586	(422,732)	39,564,212	2,792,321	36,771,891
Net pension liability, state	9,870,215	-	(7,524,333)	2,345,882	-	2,345,882
Total OPEB liability	30,083,231	-	(2,104,633)	27,978,598	1,135,365	26,843,233
Total pension liability, local	6,149,568	43,578	(503,429)	5,689,717	593,781	5,095,936
Compensated absences	7,019,405	47,703	(459,719)	6,607,389	5,296,013	1,311,376
Governmental activities long-term liabilities	\$122,144,620	\$ 30,948,369	\$ (23,297,963)	\$129,795,026	\$ 15,151,068	\$ 114,643,958
Business-type activities						
Bonds payable						
Revenue bonds	\$ 59,409,000	\$ 29,455,000	\$ (39,261,000)	\$ 49,603,000	\$ 1,493,000	\$ 48,110,000
Premium	2,375,784	8,551,427	(2,565,816)	8,361,395	288,324	8,073,071
Total revenue bonds	61,784,784	38,006,427	(41,826,816)	57,964,395	1,781,324	56,183,071
Government loans	14,715,212	28,828	(1,493,073)	13,250,967	1,538,115	11,712,852
Net pension liability, state	3,404,606	-	(2,582,083)	822,523	-	822,523
Compensated absences	1,725,272	80,721	(61,948)	1,744,045	1,586,956	157,089
Total business-type activities long-term liabilities	\$ 81,629,874	\$ 38,115,976	\$ (45,963,920)	\$ 73,781,930	\$ 4,906,395	\$ 68,875,535

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 \$176,260 and short-term liabilities of \$593,458 for internal service fund compensated absences are included in the above amounts. For the governmental activities, compensated absences, pension and OPEB liabilities, claims and litigation and pollution remediation are generally liquidated by the *General fund*.

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 in the amount of \$9,640,000 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, 2021

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%	\$ 3,815,163
08 Museum Construction	2,800,000	12/31/08	12/31/27	3.25%	872,236
16 LTGO Rfdg Museum/Theater	9,640,000	04/20/16	12/01/27	.60 - 4.00%	7,195,000
Total bonds outstanding	<u>\$ 21,810,000</u>				<u>\$ 11,882,399</u>

Limited sales tax annual debt service requirements to maturity

Year ending December 31	Discretely presented component unit		
	Principal	Interest	Total requirements
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	2,115,214	201,339	2,316,553
2026	2,302,435	110,918	2,413,353
2027	2,132,419	62,036	2,194,455
Total	<u>\$ 11,882,399</u>	<u>\$ 1,435,582</u>	<u>\$ 13,317,981</u>

Summary of changes in long-term liabilities for the year ended December 31, 2021						
Debt type	Beginning balance	Additions	Reductions	Ending balance	Due in ≤ 1 year	Due in > 1 year
Bonds	\$ 13,383,721	\$ -	\$ (1,501,322)	\$ 11,882,399	\$ 1,633,518	\$ 10,248,881
Total long-term liabilities	\$ 13,383,721	\$ -	\$ (1,501,322)	\$ 11,882,399	\$ 1,633,518	\$ 10,248,881

Debt type	Beginning balance	Additions	Reductions	Ending balance	Due in ≤ 1 year	Due in > 1 year
Bonds	\$ 13,383,721	\$ -	\$ (1,501,322)	\$ 11,882,399	\$ 1,633,518	\$ 10,248,881
Total long-term liabilities	\$ 13,383,721	\$ -	\$ (1,501,322)	\$ 11,882,399	\$ 1,633,518	\$ 10,248,881

Refunded Debt

On May 4, 2021, the City issued \$29,455,000 in 2021 Water-Sewer Revenue Refunding Bonds with a true interest cost of 2.43%. The City issued the bonds to advance refund \$37,995,000 of outstanding 2011 Water-Sewer Revenue Bonds with interest rates ranging between 2.0% - 5.0%, and maturity years of 2021-2041. The proceeds of these bonds were deposited directly with the refunded debt escrow agent and used to purchase securities that were placed in an irrevocable trust to provide for all future debt service payments on the refunded portion of the bonds until the bonds are called. As a result, that portion of the debt is considered defeased and therefore the City has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$37,995,000 at December 31, 2021. The advanced refunding bonds reduced total debt service payment over the next 20 years by \$12,637,115. This results in an economic gain (difference between the present values of the debt service payments on the old and the new debt) of \$10,067,213.

11. Restricted component of net position

The government-wide statement of net position reports \$264,321,530 of restricted component of net position, of which \$140,619,238 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 \$2 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 making payments towards insurance premiums and employee claims for medical, dental, and vision benefits. Both the City and employee contribute to the cost for either medical insurance or the City's self-insured medical plan. The City alone contributes towards the cost of dental and vision insurance or the City's self-insured dental and vision plans, for full time employees. City departments are charged composite rates to cover the cost of plan contributions for each employee. Most City employees' benefit coverage is provided by the City's self-insured medical, dental, and vision plans administered by HUB International. Police and Fire employees receive purchased insurance, administered by the Association of Washington Cities, the Whatcom Fire Trust, or the Bellingham Police Guild Trust.

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, 2021, 262 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.

In April 2020, the Board of Trustees adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical coverage. Outside of this, 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 2020, 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 Intermediary Insurance Services. 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

		Beginning Liability	Claims Incurred	Claims Paid	Ending Liability
Claims and Litigation					
	2021	1,435,076	366,410	(291,486)	1,510,000
	2020	680,067	2,253,997	(1,498,988)	1,435,076
Unemployment Comp					
	2021	80,422	(23,710)	(36,410)	20,302
	2020	80,677	87,909	(88,164)	80,422
Workers' Comp					
	2021	316,633	314,450	(544,650)	86,433
	2020	327,262	331,967	(342,596)	316,633
Health Benefits					
	2021	-	9,469,323	(8,204,704)	1,264,619

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 issued two general obligation bonds for the City's share of remediation costs being repaid primarily by net revenues from the *Environmental Remediation fund*. These revenues are generated principally by tax revenues paid by the City's solid waste contractor. The *Environmental Remediation fund's* projected cash flow indicates sufficient net revenue to repay the principal and interest costs on the outstanding bonds, which mature in 2025. 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 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.

Estimated pollution remediation obligations as of December 31, 2021

Site	Governmental activities
South State Street Manufacturing Gas Plant (f.k.a Boulevard Park)	\$ 9,330,000
Cornwall Avenue Landfill Site	11,604,632
RG Haley Site	15,720,000
Eldridge Avenue Municipal Landfill	127,793
Central Waterfront	2,781,787
Total	<u>\$ 39,564,212</u>

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, 2021. 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 2021 Engineering and Design Report. The balance of the City's pollution remediation obligation related to the Cornwall Avenue Landfill site is \$11.6 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, 2021, is \$127,793.

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, 2021. 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 2021, the City contributed \$1,413,490 to the Public Safety Dispatch fund as its share of operations, approximately 19% of total revenues. On January 1, 2021 pursuant to ordinance 2020-12-043 the City also provided funding through an interfund loan from the Greenways Maintenance Endowment Fund, in the amount of \$1,465,933. The term of the loan is 5 years. The Public Safety Dispatch fund made principal payments of \$213,478 in 2021. As of December 31, 2021, the loan balance is \$1,252,515.

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 2020-2024 work plan cost estimates for the LWMP included contributions totaling \$60.1 million between the City, County, and LWWSD over the five-year period.

In 2021 the City contributed \$211,137 towards the AIS program, LWWSD contributed \$58,320, the County contributed \$143,467 and programs revenues were \$147,259.

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 2021, Fire District No. 8 paid the City \$1,242,019 for providing these services.

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, 2021, a total of \$5,878,015 in property taxes and donations has been receipted into the endowment fund and is nonspendable. Interest in the amount of \$57,991 remains unspent.

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

According to the terms of the agreement, the corpus (or original lump payment received) cannot be expended for 50 years. Only the interest earned by that corpus or any other outside revenues received (such as donations) may be expended for (a) or (b) as defined above. As of December 31, 2021, \$980,858 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 an endowment fund for the uses, benefits, purpose, and duration for which the fund was established, RCW 24.55.025. 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 for the year 2021**

Pension assets	\$ 93,956,369
Deferred outflows of resources	\$ 8,185,394
Pension liabilities	\$ 8,858,123
Deferred inflows of resources	\$ 65,664,229
Pension expense/expenditures	\$ (15,663,286)

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 annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS Comprehensive Annual Financial Report may be obtained by writing to:

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

Or the DRS ACFR 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 2021 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee*
January – June 2021		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	12.97%	6.00%
July – December 2021		
PERS Plan 1	10.07%	6.00%
Administrative Fee	0.18%	
Total	10.25%	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 2021 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2*
January – June 2021		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.97%	7.90%
July – December 2021		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	10.25%	6.36%

* For employees participating in JBM, the contribution rate was 15.90%.

The City's actual PERS plan contributions were \$1,711,673 to PERS Plan 1 and \$2,843,978 to PERS Plan 2/3 for the year ended December 31, 2021.

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 2021. 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 includes 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 3.41% in 2021.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

LEOFF Plan 2		
Actual Contribution Rates	Employer	Employee
January – June 2021		
State and local governments	5.15%	8.59%
Administrative Fee	0.18%	
Total	5.33%	8.59%

The City's actual contributions to the plan were \$1,806,863 for the year ended December 31, 2021.

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, 2021, the state contributed \$78,170,320 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$1,140,980.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2019 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, 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 also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

There were no changes in assumptions since the last valuation. There were changes in methods since the last valuation.

- For purposes of the June 30, 2020 Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under current funding policy, the Office of the State Actuary (OSA) introduced temporary method changes to produce asset and liability measures as of the valuation date. See high-level summary below. OSA will revert back to the methods outlined in the 2019 AVR when preparing the 2021 AVR, a contribution rate-setting valuation, which will serve as the basis for 2022 ACFR results.
- To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR, OSA relied on the same data, assets, methods, and assumptions as the June 30, 2019 AVR. OSA projected the data forward one year reflecting assumed new hires and current members exiting the plan as expected. OSA estimated June 30, 2020, assets by relying on the fiscal year end 2019 assets, reflecting actual investment performance over FY 2020, and reflecting assumed contribution amounts and benefit payments during FY 2020. OSA reviewed the actual June 30, 2020, participant and financial data to determine if any material changes to projection assumptions were necessary. OSA also considered any material impacts to the plans from 2021 legislation. See the 2020 AVR for more information.

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 was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's 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 OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

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, 2021 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	\$ 5,397,559	\$ 3,168,406	\$ 1,224,356
PERS 2/3	\$ (9,460,150)	\$ (33,207,422)	\$ (52,763,311)
LEOFF 1	\$ (8,295,320)	\$ (9,214,316)	\$ (10,009,404)
LEOFF 2	\$ (32,497,775)	\$ (51,534,630)	\$ (67,122,017)

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, 2021, the City reported a proportionate share of net pension liabilities and assets as follows:

Plan	Liability (Asset)
PERS 1	\$ 3,168,406
TOTAL LIABILITY	\$ 3,168,406
PERS 2/3	(33,207,422)
LEOFF 1	(9,214,316)
LEOFF 2	(51,534,630)
TOTAL ASSET	\$ (93,956,369)

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 Plan 1 Asset	LEOFF Plan 2 Asset
Employer's proportionate share	\$ 9,214,316	51,534,630
State's proportionate share associated with the City	62,325,408	33,245,462
TOTAL	\$ 71,539,724	84,780,093

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

Plan	Proportionate Share 6/30/2020	Proportionate Share 6/30/2021	Change in Proportion
PERS 1	0.255879%	0.259443%	0.003564%
PERS 2/3	0.331595%	0.333354%	0.001759%
LEOFF 1	0.270001%	0.268987%	-0.001014%
LEOFF 2	0.903138%	0.887241%	-0.015897%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2021 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 2021. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). 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 2021, the state of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 61 percent of employer contributions.

Pension Expense

For the year ended December 31, 2021, the City's recognized pension expense is as follows:

Plan	Pension Expense
PERS 1	\$ (467,412)
PERS 2/3	(7,589,547)
LEOFF 1	(1,353,118)
LEOFF 2	(6,429,583)
TOTAL	\$ (15,839,660)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, the City's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS Plan 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ 3,515,870
Contributions subsequent to the measurement date	753,175	-
TOTAL	\$ 753,175	\$ 3,515,870
PERS Plans 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,612,837	\$ 407,091
Net difference between projected and actual investment earnings on pension plan investments	-	27,753,616
Changes of assumptions	48,527	2,358,277
Changes in proportion and differences between contributions and proportionate share of contributions	230,308	457,900
Contributions subsequent to the measurement date	1,285,123	-
TOTAL	\$ 3,176,793	\$ 30,976,883
LEOFF Plan 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ 2,815,541
TOTAL	\$ -	\$ 2,815,541

LEOFF Plan 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,337,414	\$ 272,357
Net difference between projected and actual investment earnings on pension plan investments	-	24,572,082
Changes of assumptions	22,277	2,450,990
Changes in proportion and differences between contributions and proportionate share of contributions	528,646	638,842
Contributions subsequent to the measurement date	919,323	-
TOTAL	\$ 3,807,659	\$ 27,934,271
TOTAL ALL STATE PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,950,251	\$ 679,448
Net difference between projected and actual investment earnings on pension plan investments	-	58,657,109
Changes of assumptions	70,804	4,809,266
Changes in proportion and differences between contributions and proportionate share of contributions	758,953	1,096,742
Contributions subsequent to the measurement date	2,957,621	-
TOTAL	\$ 7,737,629	\$ 65,242,565

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, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PERS Plan 1	PERS Plans 2/3	LEOFF Plan 1	LEOFF Plan 2	TOTAL PLANS
2022	\$ (931,355)	(7,648,644)	(747,909)	\$ (6,601,544)	\$ (15,929,452)
2023	(853,460)	(7,150,003)	(684,100)	(6,154,610)	(14,842,173)
2024	(806,981)	(6,819,256)	(645,512)	(5,816,930)	(14,088,678)
2025	(924,076)	(7,335,396)	(738,020)	(6,544,120)	(15,541,613)
2026	-	(144,130)	-	(136,281)	(280,409)
Thereafter	-	12,217	-	207,552	219,769
Total	\$ (3,515,870)	(29,085,211)	(2,815,541)	\$ (25,045,934)	\$ (60,462,556)

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 within the general fund basic financial statements of this report and individually within this note.

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 contributions. Both FFP and POP benefits have been pre-funded with employer contributions which have included general fund transfers for both plans and a special dedicated property tax levy for the FFP. 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 12/31/2021	POP 12/31/2021
Active employees	0	0
Total number retirees	13	10
Total number beneficiaries	14	0
Total number participants	27	10
Average retiree age	80.7	81.4
Average beneficiary age	86.2	0.0
Average retiree monthly benefit	\$1,222	\$899
Average beneficiary monthly benefit	\$1,298	\$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 reporting date of the pension liability is December 31, 2021. A full actuarial valuation is performed every two years, with the most recent valuation being performed December 31, 2021.

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

Pension actuarial methods and assumptions for FFP and POP

Actuarial valuation date	12/31/2021
Actuarial measurement date	12/31/2021
Fiscal year end date	12/31/2021
Actuarial cost method	entry age normal, level % of salary
Interest rate for discounting future liabilities	2.0%
General inflation	2.0%
Mortality rates - healthy participants	RP-2014, with scale MP-2014, projected to 2024.
Mortality rates - disabled participants without LTC costs	RP-2014 , with scale MP-2014, projected to 2024, set forward 3 yrs.
Mortality rates - disabled participants with LTC costs	3 times the rates described above for other disabled participants.
Future COLA for city benefits	3.0%
Future COLA for LEOFF benefits	2.5%
Changes since prior valuation	The interest rate for discounting future liabilities was lowered from 2.25% to reflect current municipal bond rates. A separate mortality assumption for disabled participants with current LTC costs was introduced.

*Pension expense***Pension expense for year ending 12/31/2021**

	FFP	POP
Change in total pension liability	\$ (503,429)	\$ 43,578
(Increase)/decrease in deferred outflows	152,083	85,246
Increase/(decrease) in deferred inflows	(54,857)	(80,141)
Benefit payments	423,307	110,587
Total pension expense	\$ 17,104	\$ 159,270
Interest	\$ 105,066	\$ 27,293
Recognition of assumption changes	85,723	(6,901)
Recognition of experience gains and losses	(173,685)	138,878
Total pension expense	\$ 17,104	\$ 159,270

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

	FFP	POP
Total Pension liability, 1/1/2021	\$ 4,881,252	\$ 1,268,316
Changes for the year:		
Interest cost	105,066	27,293
Differences, expected and actual experience	(260,303)	144,266
Changes in actuarial assumptions	75,115	(17,394)
Benefit payments, net of refunds	(423,307)	(110,587)
Net changes	(503,429)	43,578
Total Pension liability, 12/31/2021	\$ 4,377,823	\$ 1,311,894

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 1.0%	Current rate 2.0%	1% Increase 3.0%
FFP	\$ 4,702,293	\$ 4,377,823	\$ 4,090,321
POP	\$ 1,419,713	\$ 1,311,894	\$ 1,217,101

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, the City's reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
FFP		
Differences between expected and actual experience	\$ 221,824	\$ 97,184
Changes of assumptions	123,504	93,127
TOTAL	\$ 345,328	\$ 190,311
POP		
Differences between expected and actual experience	\$ 70,222	\$ 226,821
Changes of assumptions	32,214	4,532
TOTAL	\$ 102,436	\$ 231,353
TOTAL		
Differences between expected and actual experience	\$ 292,046	\$ 324,005
Changes of assumptions	155,718	97,659
TOTAL	\$ 447,764	\$ 421,664

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
2022	\$ 97,226	\$ 5,110	\$ 102,336
2023	97,222	(60,583)	36,639
2024	866	(73,444)	(72,578)
2025	(40,297)	-	(40,297)
Thereafter	-	-	-
Total	\$ 155,017	\$ (128,917)	\$ 26,100

Pension Financial Statements

City of Bellingham
Balance Sheet
December 31, 2021

	Firefighters' <u>Pension</u>	Police Officers' <u>Pension</u>
ASSETS		
Cash and cash equivalents	1,291,127	853,595
Investments in government securities	5,754,327	3,744,641
Total assets	<u>7,045,454</u>	<u>4,598,236</u>
LIABILITIES		
Total liabilities	<u>-</u>	<u>-</u>
FUND BALANCE	<u>7,045,454</u>	<u>4,598,236</u>

Pension Financial Statements

City of Bellingham
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2021

	Firefighters' <u>Pension</u>	Police Officers' <u>Pension</u>
ADDITIONS		
Contributions:		
Auction proceeds	-	34,674
Fire insurance premium tax	182,520	-
Total trust contributions	<u>182,520</u>	<u>34,674</u>
Investment income:		
Interest	79,130	51,113
Net incr (decr) in fair value of investments	(130,945)	(84,322)
Net investment income	<u>(51,815)</u>	<u>(33,209)</u>
Total additions	<u>130,705</u>	<u>1,464</u>
DEDUCTIONS		
Benefit payments	<u>423,307</u>	<u>110,587</u>
Total deductions	<u>423,307</u>	<u>110,587</u>
Net change in fund balances	(292,602)	(109,123)
Fund Balance - Beginning	<u>7,338,055</u>	<u>4,707,360</u>
Fund Balance - Ending	<u><u>7,045,454</u></u>	<u><u>4,598,236</u></u>

18. Other post-employment benefits (OPEB)**Aggregate OPEB amounts - all plans as of December 31, 2021**

Total OPEB liabilities	\$ 27,978,598
Deferred outflows of resources	\$ -
Deferred inflows of resources	\$ 2,118,861
OPEB expense	\$ (1,401,653)

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 of these plans are contained within the general fund basic financial statements of this report and individually within this note.

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 required by the Revised Code of Washington (RCW) 41.26. Both plans are closed to new participants, no longer have any active employees and are no longer receiving employee contributions. A special dedicated FHC property tax levy is used towards covering FHC expenses.

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

Long-term care benefits have been 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 two types of medical insurance for participants, a Medicare Advantage plan through Humana and a Premiera plan for participants not eligible for Medicare. The plan also reimburses participants for out-of-pocket medical expenses (including Medicare premiums) and pays for long-term care costs.

Plan Membership

	FHC 12/31/21	PHC 12/31/21
Active employees	0	0
Total number of participants	57	37
Average participant age	75.8	75.5

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 reporting date of the pension liability is December 31, 2021. A full actuarial valuation is performed every two years, with the most recent valuation being performed December 31, 2021.

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

OPEB actuarial methods and assumptions for FHC and PHC

Actuarial valuation date	12/31/2021
Actuarial measurement date	12/31/2021
Fiscal year end date	12/31/2021
Actuarial cost method	entry age normal, level % of salary
Interest rate for discounting future liabilities	2% 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% per yr.
Annual premium increase rate	6.4% in 2022 decreasing .1% each yr. thereafter. LTC expenses are assumed to increase 4.5% annually.
Mortality rates - healthy participants	RP-2014, with scale MP-2014, projected to 2024.
Mortality rates - disabled participants without LTC costs	RP-2014 , with scale MP-2014, projected to 2024, set forward 3 yrs.
Mortality rates - disabled participants with LTC costs	3 times the rates described above for other disabled participants.
Long-term care costs	For disabled members with current LTC costs, current costs were valued going forward. For all other retirees, costs were assumed at \$71,622 per yr. in 2022, with an average duration of 2.2 yrs. and were developed based on the Genworth Cost of Care Survey 2019, brought forward with trend. The LTC incidence table was based on data gathered by the American Association for LTC insurance and the USDHHS.
Health care reimbursements	Average of the prior 3 yrs. annual reimbursements by individual were valued, increased with health care trend to 2022.
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. A separate mortality assumption for disabled participants with current LTC costs was introduced.

*OPEB expense***OPEB expense for year ending 12/31/2021**

	FHC	PHC
Change in total OPEB liability	\$ (652,040)	\$ (1,452,593)
Increase/(decrease) in deferred inflows	(217,775)	(171,666)
Benefit payments	620,198	472,223
Total OPEB expense	\$ (249,617)	\$ (1,152,036)
Interest	\$ 377,717	\$ 286,866
Recognition of assumption changes	482,982	(988,214)
Recognition of experience gains and losses	(1,110,316)	(450,688)
Total OPEB expense	\$ (249,617)	\$ (1,152,036)

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

	FHC	PHC
Total OPEB liability, 1/1/2021	\$ 17,097,540	\$ 12,985,691
Changes for the year:		
Interest cost	377,717	286,866
Differences, expected and actual experience	(940,875)	(321,228)
Changes in actuarial assumptions	531,316	(946,008)
Benefit payments, net of refunds	(620,198)	(472,223)
Net changes	(652,040)	(1,452,593)
Total OPEB liability, 12/31/2021	\$ 16,445,500	\$ 11,533,098

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

	1% Decrease 1.00%	Current rate 2.00%	1% Increase 3.00%
OPEB Plan			
FHC	\$ 18,519,287	\$ 16,445,500	\$ 14,698,385
PHC	\$ 12,924,075	\$ 11,533,098	\$ 10,359,200

Total OPEB liability healthcare cost trend rate sensitivity

OPEB Plan	1% Decrease 5.5% grading down to 3.5% over 1 yr.	Current rate 6.5% grading down to 4.5% over 1 yr.	1% Increase 7.5% grading down to 5.5% over 1 yr.
FHC	\$ 14,801,274	\$ 16,445,500	\$ 18,345,902
PHC	\$ 10,430,266	\$ 11,533,098	\$ 12,805,930

Deferred Outflows of Resources and Deferred Inflows of Resources

On December 31, 2021, 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	\$ -	\$ 847,205
Changes in actuarial assumptions	-	241,670
TOTAL	\$ -	\$ 1,088,875
PHC	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 776,755
Changes in actuarial assumptions	-	253,231
TOTAL	\$ -	\$ 1,029,986
TOTAL	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,623,960
Changes in actuarial assumptions	-	494,901
TOTAL	\$ -	\$ 2,118,861

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
2022	\$ (217,775)	\$ (171,666)	\$ (389,441)
2023	(217,775)	(171,666)	(389,441)
2024	(217,775)	(171,666)	(389,441)
2025	(217,775)	(171,666)	(389,441)
2026	(217,775)	(171,666)	(389,441)
Thereafter	-	(171,656)	(171,656)
Total	\$ (1,088,875)	\$ (1,029,986)	\$ (2,118,861)

OPEB Financial Statements

**City of Bellingham
Balance Sheet
OPEB Plans
December 31, 2021**

	Firefighters' <u>Healthcare</u>	Police Officers' <u>Healthcare</u>
ASSETS		
Cash and cash equivalents	2,279,940	983,066
Investments in government securities	9,724,100	4,216,177
Receivables, net	29,358	-
Total assets	<u>12,033,398</u>	<u>5,199,242</u>
LIABILITIES		
Vouchers payable	1,496	84
Accrued benefit payments	36,223	10,341
Total liabilities	<u>37,719</u>	<u>10,425</u>
DEFERRED INFLOW OF RESOURCES		
Property tax	24,085	-
Total deferred inflows	<u>24,085</u>	<u>-</u>
FUND BALANCE	<u>11,971,594</u>	<u>5,188,818</u>

OPEB Financial Statements

City of Bellingham
Statement of Revenues, Expenditures and Changes in Fund Balances
OPEB Plans
December 31, 2021

	Firefighters' <u>Healthcare</u>	Police Officers' <u>Healthcare</u>
ADDITIONS		
Contributions:		
Property taxes	2,638,660	-
Total trust contributions	<u>2,638,660</u>	<u>-</u>
Investment income:		
Interest	114,180	58,390
Net incr (decr) in fair value of investments	(181,323)	(89,239)
Net investment income	<u>(67,144)</u>	<u>(30,849)</u>
Total additions	<u>2,571,516</u>	<u>(30,849)</u>
DEDUCTIONS		
Benefit payments	30,213	178,603
Participant reimbursements	417,748	257,623
Medical insurance	<u>172,237</u>	<u>35,997</u>
Total benefit payments	<u>620,198</u>	<u>472,223</u>
Administrative expense	<u>65,109</u>	<u>63,993</u>
Total deductions	<u>685,306</u>	<u>536,216</u>
Net change in fund balances	1,886,210	(567,065)
Fund Balance - Beginning	<u>10,085,384</u>	<u>5,755,882</u>
Fund Balance - Ending	<u>11,971,594</u>	<u>5,188,818</u>

Medical Expense Reimbursement Plan (MERP)

The City of Bellingham and the International Association of Fire Fighters (IAFF) Union provide for health insurance for eligible future retirees through a medical expense reimbursement plan (MERP). The City through negotiation with the union is obligated to make monthly contributions to the Washington State Council of Fire Fighters (WSCFF) Employee Benefits Trust Medical Expense Reimbursement Plan (MERP) in the amount of \$125 per month on behalf of each union member. This plan is sponsored by the IAFF and City involvement is limited to its contributions.

Plan description

The MERP is a Retiree Medicare Trust (RMT) started by the WSCFF to help active fire fighters save money while employed, tax-free, for medical costs they will incur in retirement. The MERP is a completely tax-sheltered plan – contributions to the fund are made pre-tax, investment earnings accrue tax-free, and benefits come back out to eligible retirees in the form of reimbursable covered expenses.

Board membership

The MERP is managed by a board of nine trustees, each representing a participating local. Five are elected, four are appointed.

Summary of significant accounting and funding policies

All administrative and reporting requirements are the responsibility of the IAFF and the WSCFF. The WSCFF board of trustees establishes plan rates with the ability to amend these rates primarily based on updated actuarial data.

Employee contributions

Upon retirement, the employee shall contribute an amount equal to a maximum of 1000 hours of combined accumulated contract sick leave and WA State Paid Sick leave at the rate of 30%, provided that the maximum contribution shall be 300 hours of sick leave. The dollar amount of the contribution shall be calculated at the hourly equivalent rate of the employee's base pay.

Plan benefits

Post retirement, members receive a tax-free, lifetime benefit for the reimbursement of qualifying medical expenses. Eligible retirees are entitled to reimbursement toward the payment of covered expenses, generally consisting of insurance premiums and medical expenses incurred by the retired employee once eligible under MERP. For eligible retirees, the MERP provides a lifetime stream of benefit payments.

Plan Membership

All current and future IAFF represented employees are eligible and irrevocably required to participate in the union sponsored plan.

An employee becomes an eligible retiree entitled to monthly benefits under the MERP generally after the following criteria have been met:

- The employee earns five (5) years of active service in the Trust.
- Contributions are made to the Trust on behalf of the employee for all years of active service in the Trust.
- The employee reaches age 53.
- The employee ceases employment with a participating employer.

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 fourteen property owners that qualify under the program for a total property tax valuation of \$96,415,473 and an estimated tax abatement of \$182,430 for fiscal year 2021.

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 ten 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. Asset Retirement Obligation (ARO)

The City has three underground storage tanks. WAC 173-360A-0810 outlines requirements for decommissioning underground storage tanks. The three tanks cannot be separately identified in capital asset records and individually do not meet the City's capital asset threshold. An approximate cost to remove the tanks, in compliance with the WAC, is estimated at \$45,000 based on an inquiry with an external supplier/contractor and staff evaluation. The City has no plans to decommission the storage tanks. The cost to decommission is below the City's capital asset threshold and has been determined to be immaterial for financial statement reporting purposes.

The City owns dams that are used to control the level of water in both Lakes Whatcom and Padden, and that are used for flood control purposes. The City continuously monitors and maintains these dams and plans to use these assets in perpetuity. Retirement of City Dams is not reasonably estimable.

21. New Funds

Fund 182 – Affordable Housing Sales Tax – In 2021 the City created a new fund to account for a new sales and use tax of one-tenth of one percent, collected for providing housing and related services. Established by Ordinance 2021-07-029, authorized by RCW 82.14.530.

Fund 228 – 2014 Solid Waste Rfdg Bonds – In 2021 the City created a new fund to account for the debt service of the refunding bonds. These bonds were originally issued in 2004 to finance the City's portion of Bellingham Bay pollution remediation and cost of land purchase for remediation purposes. This bond was originally accounted for in an enterprise fund, which was closed out to governmental fund activity in 2020 by Ordinance 2020-12-035.

22. COVID-19 pandemic

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

In 2020, the City took measures to reduce spending to offset projected significant revenue shortfalls in the General Fund; however, the major General Fund revenue sources cumulatively were down only approximately 1.4% from 2019. The City was also awarded approximately \$4 million in Coronavirus Relief Funds, which were used to cover unplanned expenses related to the public health emergency and to support local businesses, food security, homeless populations, and childcare services. The City was able to end 2020 without the need to draw upon reserves.

The approved 2021-2022 budget included additional reductions in expenses; however, based on the City's strong financial position to end 2020 and the improved tax revenue collection to start 2021, a hiring freeze was lifted, and furloughs were eliminated after the first quarter of 2021. The City continued to see strong sales tax and business tax growth through the remainder of 2021 as some COVID restrictions eased.

In 2021, the City was also awarded approximately \$21 million in funding from the American Recovery Plan Act. The first half of the funding was received in 2021 and the second half will be received in 2022. These funds are planned to be used for economic recovery, low-income housing, food security, homelessness, and climate resiliency for vulnerable populations.

Entering 2022, COVID is still prevalent and the length of time COVID measures will continue to be in place, and the full extent of the direct or indirect 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, 2021

	2021-2022 Biennial Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget
	Original	Final	Legal Basis	
REVENUES				
Taxes:				
Property	\$ 31,386,400	\$ 32,640,000	\$ 16,223,387	\$ (16,416,613)
Sales and use	34,485,360	42,844,224	21,066,583	(21,777,641)
Business	65,008,483	72,625,886	37,285,697	(35,340,189)
Other	1,562,130	1,249,000	678,473	(570,527)
Licenses and permits	1,737,800	1,737,800	845,415	(892,385)
Intergovernmental	6,142,212	21,232,121	7,833,429	(13,398,692)
Charges for services	21,499,779	21,927,777	5,145,561	(16,782,216)
Fines and penalties	1,198,992	898,992	299,524	(599,468)
Investment income	634,230	834,230	(233,300)	(1,067,530)
Miscellaneous	1,112,703	1,172,703	645,705	(526,998)
Total revenues	164,768,089	197,162,733	89,790,474	(107,372,259)
EXPENDITURES				
Current:				
General government	28,914,680	40,382,424	8,794,849	(31,587,575)
Public safety	102,390,546	106,785,015	54,214,044	(52,570,971)
Transportation	-	700,000	-	(700,000)
Natural and economic environment	9,733,268	10,991,691	3,646,288	(7,345,403)
Social services	499,922	1,036,095	600,198	(435,897)
Cultural and recreation	30,380,445	33,470,642	15,728,406	(17,742,236)
Capital outlay	-	312,000	102,569	(209,431)
Total expenditures	171,918,861	193,677,867	83,086,354	(110,591,513)
Revenues over (under) expenditures	(7,150,772)	3,484,866	6,704,120	3,219,254
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	1,414,073	1,414,073
Transfers out	(1,178,994)	(2,867,184)	(872,882)	1,994,302
Total other financing sources and (uses)	(1,178,994)	(2,867,184)	541,191	3,408,375
Net change in fund balances	(8,329,766)	617,682	7,245,311	6,627,629
Fund balances - beginning	21,188,322	43,941,368	41,211,712	(2,729,656)
Fund balances - ending	\$ 12,858,556	\$ 44,559,050	\$ 48,457,023	\$ 3,897,973

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, 2021

REVENUES

General Fund legal basis	\$89,790,474
<i>Budgeted separately and consolidated for GASB 54 reporting</i>	
Street	23,444,878
First 1/4% Real Estate Excise Tax	3,212,766
Second 1/4% Real Estate Excise Tax	2,882,397
Greenway III Levy	6,162,880
Park Impact Fees	3,057,239
Sportsplex	(226)
Fire Pension	2,702,222
Police Pension	(29,384)
General Fund GAAP Basis	<u><u>131,223,246</u></u>

EXPENDITURES

General Fund legal basis	83,086,354
<i>Budgeted separately and consolidated for GASB 54 reporting</i>	
Street	17,401,672
First 1/4% Real Estate Excise Tax	1,087,795
Second 1/4% Real Estate Excise Tax	1,234,414
Greenway III Levy	2,730,897
Park Impact Fees	2,117,544
Sportsplex	-
Fire Pension	1,108,613
Police Pension	646,804
General Fund GAAP Basis	<u><u>109,414,093</u></u>

OTHER FINANCING SOURCES (USES)

General Fund legal basis	541,191
<i>Budgeted separately and consolidated for GASB 54 reporting</i>	(5,019,412)
General Fund GAAP Basis	<u><u>(4,478,221)</u></u>

NET CHANGES IN FUND BALANCES

General Fund legal basis	7,245,311
<i>Budgeted separately and consolidated for GASB 54 reporting</i>	10,085,621
General Fund GAAP Basis	<u><u>\$ 17,330,932</u></u>

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

Pension Plans

Washington State Department of Retirement Systems - PERS and LEOFF

Schedule of City's proportionate share of state net pension liability as of June 30

	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
PERS 1								
Proportionate % of Net pension liability (NPL)	0.259443%	0.255879%	0.273189%	0.271961%	0.276119%	0.283775%	0.283816%	0.292219%
Proportionate share of NPL	\$ 3,168,406	\$ 9,033,910	\$ 10,505,087	\$ 12,145,871	\$ 13,102,062	\$ 15,240,054	\$ 14,846,216	\$ 14,720,669
Covered payroll	\$ 39,912,886	\$ 38,770,071	\$ 36,571,870	\$ 35,588,234	\$ 34,095,019	\$ 33,129,932	\$ 31,529,976	\$ 30,954,423
Proportionate share of NPL as a % of covered payroll	7.94%	23.30%	28.72%	34.13%	38.43%	46.00%	47.09%	47.56%
Fiduciary net position (FNP)	\$ 24,973,547	\$ 19,769,867	\$ 21,448,831	\$ 20,879,474	\$ 20,700,421	\$ 20,222,948	\$ 21,451,699	\$ 23,206,738
Total pension liability (TPL)	\$ 28,141,953	\$ 28,803,777	\$ 31,953,917	\$ 33,025,345	\$ 33,802,482	\$ 35,462,999	\$ 36,297,915	\$ 37,927,408
FNP as a % of TPL	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%	61.19%
PERS 2/3								
Proportionate % of Net pension asset (NPA)	0.333354%	0.331595%	0.348783%	0.338229%	0.340802%	0.346439%	0.345119%	0.347973%
Proportionate share of NPA(NPL)	\$ 33,207,422	\$ 4,240,911	\$ 3,387,869	\$ 5,774,959	\$ 11,841,240	\$ 17,442,930	\$ 12,331,299	\$ 7,033,791
Covered payroll	\$ 39,912,886	\$ 38,704,809	\$ 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	83.20%	10.96%	9.31%	16.43%	35.37%	53.78%	40.17%	23.54%
Fiduciary net position (FNP)	\$ 196,869,995	\$ 148,394,045	\$ 148,343,786	\$ 130,844,961	\$ 119,283,437	\$ 105,603,698	\$ 101,851,378	\$ 97,776,269
Total pension liability (TPL)	\$ 163,662,573	\$ 152,634,956	\$ 151,731,654	\$ 136,619,920	\$ 131,124,677	\$ 123,046,628	\$ 114,182,676	\$ 104,810,059
FNP as a % of TPL	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%	93.29%
LEOFF 1								
Proportionate % of Net pension asset (NPA)	0.268987%	0.270001%	0.264289%	0.261836%	0.264742%	0.263337%	0.259501%	0.254508%
Proportionate share of NPA	\$ 9,214,316	\$ 5,098,993	\$ 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	\$ 62,325,408	\$ 34,489,463	\$ 35,334,772	\$ 32,153,488	\$ 27,168,985	\$ 18,351,505	\$ 21,154,742	\$ 20,878,024
Total proportionate share	\$ 71,539,724	\$ 39,588,456	\$ 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	0.00%	0.00%	6473.34%	7087.15%	3320.31%	2054.94%	2161.45%	662.54%
Fiduciary net position (FNP)	\$ 19,751,449	\$ 15,976,397	\$ 15,933,553	\$ 15,455,480	\$ 15,186,917	\$ 14,143,483	\$ 14,558,393	\$ 14,554,819
Total pension liability (TPL)	\$ 10,537,133	\$ 10,877,403	\$ 10,709,588	\$ 10,701,842	\$ 11,170,198	\$ 11,430,358	\$ 11,430,832	\$ 11,468,169
FNP as a % of TPL	187.45%	146.88%	148.78%	144.42%	135.96%	123.74%	127.36%	126.91%
LEOFF 2								
Proportionate % of Net pension asset (NPA)	0.887241%	0.903138%	0.902086%	0.881963%	0.918952%	0.828452%	0.816862%	0.853588%
Proportionate share of NPA	\$ 51,534,630	\$ 18,422,697	\$ 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	\$ 33,245,462	\$ 11,779,919	\$ 13,685,759	\$ 11,593,649	\$ 8,272,034	\$ 3,141,323	\$ 5,551,241	\$ 7,401,154
Total proportionate share	\$ 84,780,092	\$ 30,202,615	\$ 34,584,322	\$ 29,499,421	\$ 21,024,110	\$ 7,959,848	\$ 13,946,948	\$ 18,728,634
Covered payroll	\$ 34,446,012	\$ 34,319,549	\$ 31,668,870	\$ 29,121,105	\$ 28,930,093	\$ 25,125,355	\$ 23,723,220	\$ 23,786,119
Proportionate share of NPA as a % of covered payroll	149.61%	53.68%	66.12%	61.49%	44.08%	19.18%	35.39%	47.62%
Fiduciary net position (FNP)	\$ 174,224,907	\$ 134,804,247	\$ 128,443,199	\$ 114,704,157	\$ 108,216,955	\$ 84,590,086	\$ 80,319,337	\$ 78,963,736
Total pension liability (TPL)	\$ 122,690,276	\$ 116,381,551	\$ 107,544,636	\$ 96,798,385	\$ 95,464,878	\$ 79,771,560	\$ 71,923,629	\$ 67,636,256
FNP as a % of TPL	142.00%	115.83%	119.43%	118.50%	113.36%	106.04%	111.67%	116.75%

Information is available beginning in 2014. There were no active employees in DRS plan LEOFF 1 nor PERS 1.

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	Actual contributions	Contribution deficiency (excess)	Covered Payroll	Contributions as a % of covered employee payroll
PERS 1	2014	\$ 1,314,562	\$ 1,314,562	\$ -	\$ 31,370,215	4.19%
	2015	1,435,640	1,435,640	-	31,814,277	4.51%
	2016	1,655,872	1,655,872	-	33,913,177	4.88%
	2017	1,853,370	1,853,370	-	37,248,276	4.98%
	2018	1,897,144	1,897,144	-	37,339,174	5.08%
	2019	1,899,391	1,899,391	-	38,780,875	4.90%
	2020	1,905,959	1,905,959	-	40,398,885	4.72%
	2021	1,711,673	1,711,673	-	39,544,338	4.33%
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%
	2020	3,143,590	3,143,590	-	39,691,849	7.92%
	2021	2,843,978	2,843,978	-	39,544,338	7.19%
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%
	2020	-	-	-	-	0.00%
	2021	-	-	-	-	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%
	2020	1,748,999	1,748,999	-	33,958,049	5.15%
	2021	1,806,863	1,806,863	-	35,180,242	5.14%

Information is available beginning in 2014. There were no active employees in DRS plan LEOFF 1 nor PERS 1.

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

The Firefighter's (FFP) and the Police Officer's (POP) pension plans have been funded and accumulating assets, however these plans do not meet the qualifying trust requirement that plan assets be legally protected from creditors. Therefore, reporting requirements dictate that the total liability be reported as opposed to the liability net of plan assets.

Schedule of Changes in Total Pension Liability and Related Ratios						
---	--	--	--	--	--	--

Firefighters' Pension Plan	2021	2020	2019	2018	2017	2016
Total Pension liability						
Interest cost	\$ 105,066	\$ 132,937	\$ 194,919	\$ 166,745	\$ 211,196	\$ 184,397
Differences, expected and actual experience	(260,303)	-	(124,920)	(194,368)	-	887,308
Changes in actuarial assumptions	75,115	144,296	420,578	(128,029)	329,349	(116,456)
Benefit payments, net of refunds	(423,307)	(460,113)	(598,816)	(460,310)	(768,196)	(415,501)
Net change in total Pension liability	(503,429)	(182,880)	(108,239)	(615,962)	(227,651)	539,748
Total Pension liability - beginning	4,881,252	5,064,132	5,172,371	5,788,333	6,015,984	5,476,236
Total Pension liability - ending	\$ 4,377,823	\$ 4,881,252	\$ 5,064,132	\$ 5,172,371	\$ 5,788,333	\$ 6,015,984
Covered employee payroll	-	-	-	-	-	132,470
Total Pension liability as a % of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	4541.39%
Police Officers' Pension Plan	2021	2020	2019	2018	2017	2016
Total Pension liability						
Interest cost	\$ 27,293	\$ 33,908	\$ 39,621	\$ 47,003	\$ 57,571	\$ 41,693
Differences, expected and actual experience	144,266	-	193,532	(529,249)	-	491,536
Changes in actuarial assumptions	(17,394)	53,238	120,269	15,153	90,031	(31,736)
Benefit payments, net of refunds	(110,587)	(103,691)	(118,157)	(100,144)	(131,995)	(182,997)
Net change in total Pension liability	43,578	(16,545)	235,265	(567,237)	15,607	318,496
Total Pension liability - beginning	1,268,316	1,284,861	1,049,596	1,616,833	1,601,226	1,282,730
Total Pension liability - ending	\$ 1,311,894	\$ 1,268,316	\$ 1,284,861	\$ 1,049,596	\$ 1,616,833	\$ 1,601,226
Covered employee payroll	-	-	-	-	-	45,026
Total Pension liability as a % of covered payroll	0.00%	0.00%	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*

The Firefighter's (FHC) and the Police Officer's (PHC) OPEB plans have been funded and accumulating assets, however these plans do not meet the qualifying trust requirement that plan assets be legally protected from creditors. Therefore, reporting requirements dictate that the total OPEB liability be reported as opposed to the liability net of plan assets.

Schedule of Changes in Total OPEB Liability and Related Ratios

Firefighters' Healthcare Plan	2021	2020	2019	2018
Total OPEB liability				
Interest cost	\$ 377,717	\$ 435,574	\$ 780,698	\$ 648,081
Differences, expected and actual experience	(940,875)	-	(1,916,676)	(1,524,971)
Changes in actuarial assumptions	531,316	1,077,270	(1,916,802)	(435,004)
Benefit payments, net of refunds	(620,198)	(508,704)	(742,516)	(804,209)
Net change in total OPEB liability	(652,040)	1,004,140	(3,795,296)	(2,116,103)
Total OPEB liability - beginning	17,097,540	16,093,400	19,888,696	22,004,799
Total OPEB liability - ending	\$ 16,445,500	\$ 17,097,540	\$ 16,093,400	\$ 19,888,696
Covered employee payroll	-	-	-	142,572
Total OPEB liability as a % of covered payroll	0.00%	0.00%	0.00%	13949.93%
Police Officers' Healthcare Plan	2021	2020	2019	2018
Total OPEB liability				
Interest cost	\$ 286,866	\$ 331,408	\$ 493,707	\$ 423,336
Differences, expected and actual experience	(321,228)	-	(255,025)	(1,294,595)
Changes in actuarial assumptions	(946,008)	824,663	(49,254)	(422,055)
Benefit payments, net of refunds	(472,223)	(443,135)	(518,671)	(431,801)
Net change in total OPEB liability	(1,452,593)	712,936	(329,243)	(1,725,115)
Total OPEB liability - beginning	12,985,691	12,272,755	12,601,998	14,327,113
Total OPEB liability - ending	\$ 11,533,098	\$ 12,985,691	\$ 12,272,755	\$ 12,601,998
Covered employee payroll	-	-	-	-
Total OPEB liability as a % of covered payroll	0.00%	0.00%	0.00%	0.00%

* Information is available beginning in 2018.



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.

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, and fire insurance premium tax. 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 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, 2021

Page 1 of 10

	2021-2022 Biennial		2021	
	Budgeted Amounts		Actual	Variance with
	Original	Final	Legal Basis	Final Budget
REVENUES				
<i>Taxes:</i>				
Property	\$ 31,386,400	\$ 32,640,000	\$ 16,223,387	\$(16,416,613)
Sales and use	34,485,360	42,844,224	21,066,583	(21,777,641)
Business	65,008,483	72,625,886	37,285,697	(35,340,189)
Leasehold	1,099,000	1,099,000	584,946	(514,054)
Admissions	463,130	150,000	93,527	(56,473)
Licenses and permits	1,737,800	1,737,800	845,415	(892,385)
Intergovernmental	6,142,212	21,232,121	7,833,429	(13,398,692)
Charges for services	21,499,779	21,927,777	5,145,561	(16,782,216)
Fines and penalties	1,198,992	898,992	299,524	(599,468)
Investment income	634,230	834,230	(233,300)	(1,067,530)
Miscellaneous	1,112,703	1,172,703	645,705	(526,998)
Total revenues	164,768,089	197,162,733	89,790,474	(107,372,259)
EXPENDITURES				
<i>Current:</i>				
General government	28,914,680	40,382,424	8,794,849	(31,587,575)
Public safety	102,390,546	106,785,015	54,214,044	(52,570,971)
Transportation	-	700,000	-	(700,000)
Natural and economic environment	9,733,268	10,991,691	3,646,288	(7,345,403)
Social services	499,922	1,036,095	600,198	(435,897)
Cultural and recreation	30,380,445	33,470,642	15,728,406	(17,742,236)
Capital outlay	-	312,000	102,569	(209,431)
Total expenditures	171,918,861	193,677,867	83,086,354	(110,591,513)
Revenues over (under) expenditures	(7,150,772)	3,484,866	6,704,120	3,219,254
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	1,414,073	1,414,073
Transfers out	(1,178,994)	(2,867,184)	(872,876)	1,994,308
Total other financing sources and (uses)	(1,178,994)	(2,867,184)	541,197	3,408,381
Net change in fund balances	(8,329,766)	617,682	7,245,317	6,627,635
Fund balances - beginning	21,188,322	43,941,368	41,211,712	(2,729,656)
Fund balances - ending	\$ 12,858,556	\$ 44,559,050	\$ 48,457,029	\$ 3,897,979

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, 2021

Page 2 of 10

	2021-2022 Biennial		2021	
	Budgeted Amounts		Actual	Variance with
	Original	Final	Legal Basis	Final Budget
REVENUES				
<i>Taxes:</i>				
Sales and use	\$ 18,396,000	\$ 22,356,735	\$ 11,139,741	\$(11,216,994)
Licenses and permits	2,000	2,000	3,000	1,000
Intergovernmental	17,530,000	19,030,000	9,966,902	(9,063,098)
Charges for services	2,712,000	2,792,000	1,764,696	(1,027,304)
Investment income	167,787	167,787	(106,089)	(273,876)
Miscellaneous	98,000	18,000	676,628	658,628
Total revenues	38,905,787	44,366,522	23,444,878	(20,921,644)
EXPENDITURES				
<i>Current:</i>				
Transportation	25,923,727	28,175,244	9,215,077	(18,960,167)
Natural and economic environment	1,104,599	1,435,207	461,423	(973,784)
Capital outlay	13,800,000	15,609,729	7,725,172	(7,884,557)
Total expenditures	40,828,326	45,220,180	17,401,672	(27,818,508)
Revenues over (under) expenditures	(1,922,539)	(853,658)	6,043,206	6,896,864
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,734,784)	(2,084,784)	(519,412)	1,565,372
Total other financing sources and (uses)	(1,734,784)	(2,084,784)	(519,412)	1,565,372
Net change in fund balances	(3,657,323)	(2,938,442)	5,523,794	8,462,236
Fund balances - beginning	5,129,162	11,017,625	13,987,962	2,970,337
Fund balances - ending	\$ 1,471,839	\$ 8,079,183	\$ 19,511,756	\$ 11,432,573

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, 2021

Page 3 of 10

	2021-2022 Biennial		2021	
	Budgeted Amounts		Actual	Variance with
	Original	Final	Legal Basis	Final Budget
REVENUES				
<i>Taxes:</i>				
Real estate excise	\$ 3,200,000	\$ 3,200,000	\$ 2,925,245	\$ (274,755)
Intergovernmental	-	-	343,840	343,840
Investment income	169,396	169,396	(56,319)	(225,715)
Total revenues	3,369,396	3,369,396	3,212,766	(156,630)
EXPENDITURES				
<i>Current:</i>				
General government	2,146,786	2,146,786	291,956	(1,854,830)
Transportation	-	-	287,286	287,286
Cultural and recreation	2,112,494	1,783,765	214,450	(1,569,315)
Capital outlay	51,285	607,782	294,103	(313,679)
Total expenditures	4,310,565	4,538,333	1,087,795	(3,450,538)
Revenues over (under) expenditures	(941,169)	(1,168,937)	2,124,971	3,293,908
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,500,000)	(4,850,000)	(4,500,000)	350,000
Total other financing sources and (uses)	(4,500,000)	(4,850,000)	(4,500,000)	350,000
Net change in fund balances	(5,441,169)	(6,018,937)	(2,375,029)	3,643,908
Fund balances - beginning	1,063,294	2,592,391	8,165,841	5,573,450
Fund balances - ending	\$ (4,377,875)	\$ (3,426,546)	\$ 5,790,812	\$ 9,217,358

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, 2021

Page 4 of 10

	2021-2022 Biennial		2021	
	Budgeted Amounts		Actual	Variance with
	Original	Final	Legal Basis	Final Budget
REVENUES				
<i>Taxes:</i>				
Real estate excise	\$ 3,200,000	\$ 3,200,000	\$ 2,925,245	\$ (274,755)
Intergovernmental	40,000	40,000	20,000	-
Investment income	236,790	236,790	(62,862)	(299,652)
Miscellaneous	-	-	14	14
Total revenues	3,476,790	3,476,790	2,882,397	(574,393)
EXPENDITURES				
<i>Current:</i>				
General government	800	800	400	(400)
Transportation	-	250,000	5,916	(244,084)
Social services	1,000,000	1,000,000	591,727	(408,273)
Cultural and recreation	700,000	852,968	173,054	(679,914)
Capital outlay	2,475,166	2,475,396	463,317	(2,012,079)
Total expenditures	4,175,966	4,579,164	1,234,414	(3,344,750)
Revenues over (under) expenditures	(699,176)	(1,102,374)	1,647,983	2,770,357
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	(699,176)	(1,102,374)	1,647,983	2,770,357
Fund balances - beginning	6,964,504	7,243,986	9,369,298	2,125,312
Fund balances - ending	\$ 6,265,328	\$ 6,141,612	\$ 11,017,281	\$ 4,895,669

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, 2021

Page 5 of 10

	2021-2022 Biennial		2021	
	Budgeted Amounts		Actual	Variance with
	Original	Final	Legal Basis	Final Budget
REVENUES				
<i>Taxes:</i>				
Property	\$ 10,706,096	\$ 10,706,096	\$ 5,289,721	\$ (5,416,375)
Intergovernmental	1,215,000	1,215,000	944,295	(270,705)
Investment income	163,201	163,201	(73,254)	(236,455)
Miscellaneous	-	-	2,118	2,118
Total revenues	12,084,297	12,084,297	6,162,880	(5,921,417)
EXPENDITURES				
<i>Current:</i>				
Cultural and recreation	2,848,984	3,332,411	1,077,345	(2,255,066)
<i>Debt service:</i>				
Principal	1,150,000	1,150,000	-	(1,150,000)
Interest and related charges	60,000	60,000	2,838	(57,162)
Capital outlay	8,104,754	7,283,477	1,423,280	(5,860,197)
Total expenditures	12,163,738	11,825,888	2,503,463	(9,322,425)
Revenues over (under) expenditures	(79,441)	258,409	3,659,417	3,401,008
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	(79,441)	258,409	3,659,417	3,401,008
Fund balances - beginning	5,550,467	7,388,686	8,616,889	1,228,203
Fund balances - ending	\$ 5,471,026	\$ 7,647,095	\$ 12,276,306	\$ 4,629,211

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, 2021

Page 6 of 10

	2021-2022 Biennial		2021	
	Budgeted Amounts		Actual	Variance with
	Original	Final	Legal Basis	Final Budget
REVENUES				
Charges for services	\$ 3,600,000	\$ 3,600,000	\$ 3,110,712	\$ (489,288)
Investment income	269,765	269,765	(57,647)	(327,412)
Miscellaneous	-	-	4,174	4,174
Total revenues	3,869,765	3,869,765	3,057,239	(812,526)
EXPENDITURES				
Current:				
Cultural and recreation	834,790	984,620	220,646	(763,974)
Capital outlay	5,105,180	10,238,725	2,124,332	(8,114,393)
Total expenditures	5,939,970	11,223,345	2,344,978	(8,878,367)
Revenues over (under) expenditures	(2,070,205)	(7,353,580)	712,261	8,065,841
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	(2,070,205)	(7,353,580)	712,261	8,065,841
Fund balances - beginning	9,270,651	5,565,625	9,357,034	3,791,409
Fund balances - ending	\$ 7,200,446	\$ (1,787,955)	\$ 10,069,295	\$ 11,857,250

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, 2021

Page 7 of 10

	2021-2022 Biennial		2021	
	Budgeted Amounts		Actual	Variance with
	Original	Final	Legal Basis	Final Budget
REVENUES				
Investment income	\$ 1,542	\$ 1,542	\$ (226)	\$ (1,768)
Total revenues	<u>1,542</u>	<u>1,542</u>	<u>(226)</u>	<u>(1,768)</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	1,542	1,542	(226)	(1,768)
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,542	1,542	(226)	(1,768)
Fund balances - beginning	58,517	58,517	-	(58,517)
Fund balances - ending	<u>\$ 60,059</u>	<u>\$ 60,059</u>	<u>\$ (226)</u>	<u>\$ (60,285)</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual Legal Basis
Fire Pension Fund
For the Year Ended December 31, 2021

Page 8 of 10

	2021-2022 Biennial		2021	
	Budgeted Amounts		Actual	Variance with
	Original	Final	Legal Basis	Final Budget
REVENUES				
<i>Taxes:</i>				
Property	\$ 4,030,000	\$ 4,030,000	\$ 2,638,660	\$ (1,391,340)
Intergovernmental	240,000	240,000	182,520	(57,480)
Investment income	484,422	484,422	(118,958)	(603,380)
Total revenues	4,754,422	4,754,422	2,702,222	(2,052,200)
EXPENDITURES				
<i>Current:</i>				
Public safety	3,838,770	3,840,520	1,108,613	(2,731,907)
Total expenditures	3,838,770	3,840,520	1,108,613	(2,731,907)
Revenues over (under) expenditures	915,652	913,902	1,593,609	679,707
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	915,652	913,902	1,593,609	679,707
Fund balances - beginning	14,678,307	17,759,165	17,423,439	(335,726)
Fund balances - ending	\$ 15,593,959	\$ 18,673,067	\$ 19,017,048	\$ 343,981

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual Legal Basis
Police Pension Fund
For the Year Ended December 31, 2021

Page 9 of 10

	2021-2022 Biennial		2021	
	Budgeted Amounts		Actual	Variance with
	Original	Final	Legal Basis	Final Budget
REVENUES				
Investment income	\$ 316,375	\$ 316,375	\$ (64,058)	\$ (380,433)
Miscellaneous	30,000	30,000	34,674	4,674
Total revenues	346,375	346,375	(29,384)	(375,759)
EXPENDITURES				
Current:				
Public safety	2,204,316	2,206,066	646,804	(1,559,262)
Total expenditures	2,204,316	2,206,066	646,804	(1,559,262)
Revenues over (under) expenditures	(1,857,941)	(1,859,691)	(676,188)	1,183,503
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	(1,857,941)	(1,859,691)	(676,188)	1,183,503
Fund balances - beginning	8,105,466	9,467,058	10,463,242	996,184
Fund balances - ending	\$ 6,247,525	\$ 7,607,367	\$ 9,787,054	\$ 2,179,687

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
General Fund
For the Year Ended December 31, 2021

Page 10 of 10

	2021-2022 Biennial		2021	
	Budgeted Amounts		Actual	Variance with
	Original	Final	Legal Basis	Final Budget
REVENUES				
<i>Taxes:</i>				
Property	\$ 46,122,496	\$ 47,376,096	\$ 24,151,768	\$ (23,224,328)
Sales and use	52,881,360	65,200,959	32,206,324	(32,994,635)
Business	65,008,483	72,625,886	37,285,697	(35,340,189)
Real estate excise	6,400,000	6,400,000	5,850,490	(549,510)
Leasehold	1,099,000	1,099,000	584,946	(514,054)
Admissions	463,130	150,000	93,527	(56,473)
Licenses and permits	1,739,800	1,739,800	848,415	(891,385)
Intergovernmental	25,167,212	41,757,121	19,290,986	(22,466,135)
Charges for services	27,811,779	28,319,777	10,020,969	(18,298,808)
Fines and penalties	1,198,992	898,992	299,524	(599,468)
Investment income	2,443,508	2,643,508	(772,713)	(3,416,221)
Miscellaneous	1,240,703	1,220,703	1,363,313	142,610
Total revenues	231,576,463	269,431,842	131,223,246	(138,208,596)
EXPENDITURES				
<i>Current:</i>				
General government	31,062,266	42,530,010	9,087,205	(33,442,805)
Public safety	108,433,632	112,831,601	55,969,461	(56,862,140)
Transportation	25,923,727	29,125,244	9,508,279	(19,616,965)
Natural and economic environment	10,837,867	12,426,898	4,107,711	(8,319,187)
Social services	1,499,922	2,036,095	1,191,925	(844,170)
Cultural and recreation	36,876,713	40,424,406	17,413,901	(23,010,505)
<i>Debt service:</i>				
Principal	1,150,000	1,150,000	-	(1,150,000)
Interest and related charges	60,000	60,000	2,838	(57,162)
Capital outlay	29,536,385	36,527,109	12,132,773	(24,394,336)
Total expenditures	245,380,512	277,111,363	109,414,093	(167,697,270)
Revenues over (under) expenditures	(13,804,049)	(7,679,521)	21,809,153	29,488,674
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	1,414,073	1,414,073
Transfers out	(7,413,778)	(9,801,968)	(5,892,288)	3,909,680
Total other financing sources and (uses)	(7,413,778)	(9,801,968)	(4,478,215)	5,323,753
Net change in fund balances	(21,217,827)	(17,481,489)	17,330,938	34,812,427
Fund balances - beginning	72,008,690	105,034,421	118,595,417	13,560,996
Fund balances - ending	\$ 50,790,863	\$ 87,552,932	\$ 135,926,355	\$ 48,373,423



CITY OF BELLINGHAM
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021

	Special Revenue Funds	Debt Service Funds	Capital Project Fund	Permanent Funds	Nonmajor Governmental Fund Totals
ASSETS					
Cash and cash equivalents	\$ 5,731,784	\$ 2,258,691	\$ 1,831,959	\$ 1,071,208	\$ 10,893,642
Investments	23,884,140	2,329,125	7,785,407	7,695,918	41,694,590
Receivables, net	2,407,051	475,135	864	-	2,883,050
Due from other funds	98,555	-	-	-	98,555
Due from other governments	4,704,077	-	-	-	4,704,077
Due from component units	-	11,010,163	-	872,238	11,882,401
Interfund loans receivable	-	-	-	1,277,500	1,277,500
Prepaid items	1,250	-	-	-	1,250
Notes and contracts receivable	35,249,633	-	-	-	35,249,633
Total assets	72,076,490	16,073,114	9,618,230	10,916,864	108,684,698
LIABILITIES					
Accounts payable	1,777,491	-	-	-	1,777,491
Accrued wages and benefits	304,496	-	-	-	304,496
Deposits	-	85,367	-	-	85,367
Due to other funds	98,555	-	-	-	98,555
Interfund loans payable	1,252,515	-	-	-	1,252,515
Total liabilities	3,433,057	85,367	-	-	3,518,424
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	36,966	-	710	-	37,676
Total deferred inflows of resources	36,966	-	710	-	37,676
FUND BALANCES					
Nonspendable	1,250	-	-	9,878,015	9,879,265
Restricted	68,605,217	15,987,747	9,617,520	1,038,849	95,249,333
Total fund balances	68,606,467	15,987,747	9,617,520	10,916,864	105,128,598
Total liabilities, deferred inflows of resources and fund balances	\$ 72,076,490	\$ 16,073,114	\$ 9,618,230	\$ 10,916,864	\$ 108,684,698

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2021

	Special Revenue Funds	Debt Service Funds	Capital Project Fund	Permanent Funds	Nonmajor Governmental Fund Totals
REVENUES					
<i>Taxes:</i>					
Property	\$ 4,011,815	\$ -	\$ 72,605	\$ -	\$ 4,084,420
Sales and use	10,661,090	-	1,000,000	-	11,661,090
Business	1,989,650	-	-	-	1,989,650
Licenses and permits	259,105	-	-	-	259,105
Intergovernmental	8,836,525	-	-	-	8,836,525
Charges for services	5,482,106	-	-	-	5,482,106
Investment income	(171,824)	(13,457)	(59,771)	(38,704)	(283,756)
Miscellaneous	453,520	743,909	-	-	1,197,429
Total revenues	31,521,987	730,452	1,012,834	(38,704)	33,226,569
EXPENDITURES					
<i>Current:</i>					
Public safety	8,249,522	-	-	-	8,249,522
Transportation	2,098,670	-	-	-	2,098,670
Natural and economic environment	6,015,169	-	-	6,009	6,021,178
Cultural and recreation	237,007	-	-	9,100	246,107
<i>Debt service:</i>					
Principal	-	2,670,486	-	-	2,670,486
Interest and related charges	13,009	701,074	-	-	714,083
Capital outlay	3,735,824	-	-	-	3,735,824
Total expenditures	20,349,201	3,371,560	-	15,109	23,735,870
Revenues over (under) expenditures	11,172,786	(2,641,108)	1,012,834	(53,813)	9,490,699
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	561,328	-	-	-	561,328
Transfers in	-	1,931,489	-	-	1,931,489
Transfers out	(663,389)	-	-	-	(663,389)
Total other financing sources and (uses)	(102,061)	1,931,489	-	-	1,829,428
Net change in fund balances	11,070,725	(709,619)	1,012,834	(53,813)	11,320,127
Fund balances - beginning	57,535,742	16,697,366	8,604,686	10,970,677	93,808,471
Fund balances - ending	\$ 68,606,467	\$ 15,987,747	\$ 9,617,520	\$ 10,916,864	\$ 105,128,598



SPECIAL REVENUE FUNDS**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.

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

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.

182 – Affordable Housing Sales Tax

A sales and use tax of one-tenth of one percent, collected for providing housing and related services. Established by Ordinance 2021-07-029, authorized by RCW 82.14.530.

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, 2021

	Library Gift	Environmental Remediation	Police Special Purpose	Public Safety Dispatch	Transportation	Public, Education & Govt TV	Tourism	Low Income Housing Levy	Affordable Housing Sales Tax	HUD Grants	Special Revenue Fund Totals
ASSETS											
Cash and cash equivalents	\$ 45,251	\$ 1,399,828	\$ 67,090	\$ 146,506	\$ 1,938,337	\$ 198,524	\$ 235,715	\$ 1,407,049	\$ 227,050	\$ 66,434	\$ 5,731,784
Investments	-	5,948,949	285,116	622,617	8,237,489	843,684	1,001,734	5,979,639	964,912	-	23,884,140
Receivables, net	-	199,210	-	-	1,229,868	-	258,012	45,500	611,495	62,966	2,407,051
Due from other funds	-	-	-	-	-	-	-	-	-	98,555	98,555
Due from other governments	-	208,912	107,525	967,664	2,828,410	-	-	-	-	591,566	4,704,077
Prepaid items	-	-	1,250	-	-	-	-	-	-	-	1,250
Notes and contracts receivable	-	-	-	-	-	-	-	15,813,426	-	19,436,207	35,249,633
Total assets	45,251	7,756,899	460,981	1,736,787	14,234,104	1,042,208	1,495,461	23,245,614	1,803,457	20,255,728	72,076,490
LIABILITIES											
Accounts payable	2,917	601,127	12,719	43,832	42,492	925	163,392	357,981	19,755	532,351	1,777,491
Accrued wages and benefits	-	2,908	-	289,916	2,110	9,372	190	-	-	-	304,496
Due to other funds	-	-	-	-	-	-	-	-	-	98,555	98,555
Interfund loans payable	-	-	-	1,252,515	-	-	-	-	-	-	1,252,515
Total liabilities	2,917	604,035	12,719	1,586,263	44,602	10,297	163,582	357,981	19,755	630,906	3,433,057
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue - property taxes	-	-	-	-	-	-	-	36,966	-	-	36,966
Total deferred inflows of resources	-	-	-	-	-	-	-	36,966	-	-	36,966
FUND BALANCES											
Nonspendable	-	-	1,250	-	-	-	-	-	-	-	1,250
Restricted	42,334	7,152,864	447,012	150,524	14,189,502	1,031,911	1,331,879	22,850,667	1,783,702	19,624,822	68,605,217
Total fund balances	42,334	7,152,864	448,262	150,524	14,189,502	1,031,911	1,331,879	22,850,667	1,783,702	19,624,822	68,606,467
Total liabilities, deferred inflows of resources and fund balances	\$ 45,251	\$ 7,756,899	\$ 460,981	\$ 1,736,787	\$ 14,234,104	\$ 1,042,208	\$ 1,495,461	\$ 23,245,614	\$ 1,803,457	\$ 20,255,728	\$ 72,076,490

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds
For the Year Ended December 31, 2021

	Library Gift	Environmental Remediation	Police Special Purpose	Public Safety Dispatch	Transportation	Public, Education & Govt TV	Tourism	Low Income Housing Levy	Affordable Housing Sales Tax	HUD Grants	Special Revenue Fund Totals
REVENUES											
<i>Taxes:</i>											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,011,815	\$ -	\$ -	\$ 4,011,815
Sales and use	-	-	-	-	7,082,666	-	1,761,393	-	1,817,031	-	10,661,090
Business	-	1,989,650	-	-	-	-	-	-	-	-	1,989,650
Licenses and permits	-	-	-	-	-	259,105	-	-	-	-	259,105
Intergovernmental	-	220,146	378,004	2,205,456	3,004,640	-	-	-	-	3,028,279	8,836,525
Charges for services	-	173,500	-	5,112,208	23,600	1,615	-	171,183	-	-	5,482,106
Investment income	-	(42,804)	(2,514)	(11,911)	(44,062)	(6,307)	(9,627)	(46,818)	(8,355)	574	(171,824)
Miscellaneous	61,649	15,832	6,105	1,099	-	98,365	-	113,961	-	156,509	453,520
Total revenues	61,649	2,356,324	381,595	7,306,852	10,066,844	352,778	1,751,766	4,250,141	1,808,676	3,185,362	31,521,987
EXPENDITURES											
<i>Current:</i>											
Public safety	-	148,492	251,429	7,849,601	-	-	-	-	-	-	8,249,522
Transportation	-	-	-	-	2,098,670	-	-	-	-	-	2,098,670
Natural and economic environment	-	1,557,413	-	-	-	312,080	1,240,747	1,525,884	24,974	1,354,071	6,015,169
Cultural and recreation	237,007	-	-	-	-	-	-	-	-	-	237,007
<i>Debt service:</i>											
Interest and related charges	-	-	-	13,009	-	-	-	-	-	-	13,009
Capital outlay	-	-	30,457	768,233	2,937,134	-	-	-	-	-	3,735,824
Total expenditures	237,007	1,705,905	281,886	8,630,843	5,035,804	312,080	1,240,747	1,525,884	24,974	1,354,071	20,349,201
Revenues over (under) expenditures	(175,358)	650,419	99,709	(1,323,991)	5,031,040	40,698	511,019	2,724,257	1,783,702	1,831,291	11,172,786
OTHER FINANCING SOURCES (USES)											
Proceeds from sale of capital assets	-	-	7,600	-	-	-	-	-	-	553,728	561,328
Transfers out	-	(660,400)	-	(2,818)	-	(171)	-	-	-	-	(663,389)
Total other financing sources and (uses)	-	(660,400)	7,600	(2,818)	-	(171)	-	-	-	553,728	(102,061)
Net change in fund balances	(175,358)	(9,981)	107,309	(1,326,809)	5,031,040	40,527	511,019	2,724,257	1,783,702	2,385,019	11,070,725
Fund balances - beginning	217,692	7,162,845	340,953	1,477,333	9,158,462	991,384	820,860	20,126,410	-	17,239,803	57,535,742
Fund balances - ending	\$ 42,334	\$ 7,152,864	\$ 448,262	\$ 150,524	\$ 14,189,502	\$ 1,031,911	\$ 1,331,879	\$ 22,850,667	\$ 1,783,702	\$ 19,624,822	\$ 68,606,467

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, 2021

	2021-2022 Biennial Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget
	Original	Final	GAAP Basis	
REVENUES				
Miscellaneous	\$ 100,000	\$ 200,000	\$ 61,649	\$ (138,351)
Total revenues	<u>100,000</u>	<u>200,000</u>	<u>61,649</u>	<u>(138,351)</u>
EXPENDITURES				
Current:				
Cultural and recreation	100,052	373,328	237,007	(136,321)
Total expenditures	<u>100,052</u>	<u>373,328</u>	<u>237,007</u>	<u>(136,321)</u>
Revenues over (under) expenditures	(52)	(173,328)	(175,358)	(2,030)
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(52)	(173,328)	(175,358)	(2,030)
Fund balances - beginning	86,870	44,391	217,692	-
Fund balances - ending	<u>\$ 86,818</u>	<u>\$ (128,937)</u>	<u>\$ 42,334</u>	<u>\$ (2,030)</u>

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, 2021

	2021-2022 Biennial Budgeted Amounts		2021 Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		
REVENUES				
<i>Taxes:</i>				
Business	\$ 3,376,820	\$ 3,376,820	\$ 1,989,650	\$ (1,387,170)
Intergovernmental	-	-	220,146	220,146
Charges for services	-	-	173,500	173,500
Investment income	195,010	195,010	(42,804)	(237,814)
Miscellaneous	-	-	15,832	15,832
Total revenues	3,571,830	3,571,830	2,356,324	(1,215,506)
EXPENDITURES				
<i>Current:</i>				
Public safety	509,000	509,000	148,492	(360,508)
Natural and economic environment	2,902,544	4,091,580	1,557,413	(2,534,167)
Total expenditures	3,411,544	4,600,580	1,705,905	(2,894,675)
Revenues over (under) expenditures	160,286	(1,028,750)	650,419	1,679,169
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,400,000	-	(1,400,000)
Transfers out	(1,315,146)	(1,315,146)	(660,400)	654,746
Total other financing sources and (uses)	(1,315,146)	84,854	(660,400)	(745,254)
Net change in fund balances	(1,154,860)	(943,896)	(9,981)	933,915
Fund balances - beginning	6,710,847	5,755,445	7,162,845	1,407,400
Fund balances - ending	\$ 5,555,987	\$ 4,811,549	\$ 7,152,864	\$ 2,341,315

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, 2021

	2021-2022 Biennial Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget
	Original	Final	GAAP Basis	
REVENUES				
Intergovernmental	\$ 849,170	\$ 849,170	\$ 378,004	\$ (471,166)
Investment income	9,464	9,464	(2,514)	(11,978)
Miscellaneous	-	-	6,105	6,105
Total revenues	858,634	858,634	381,595	(477,039)
EXPENDITURES				
Current:				
Public safety	825,742	825,742	251,429	(574,313)
Capital outlay	-	-	30,457	30,457
Total expenditures	825,742	825,742	281,886	(543,856)
Revenues over (under) expenditures	32,892	32,892	99,709	66,817
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	7,600	7,600
Total other financing sources and (uses)	-	-	7,600	7,600
Net change in fund balances	32,892	32,892	107,309	74,417
Fund balances - beginning	390,925	375,567	340,953	(34,614)
Fund balances - ending	\$ 423,817	\$ 408,459	\$ 448,262	\$ 39,803

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, 2021

	2021-2022 Biennial		2021	
	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
REVENUES				
Intergovernmental	\$ 4,000,000	\$ 4,000,000	\$ 2,205,456	\$ (1,794,544)
Charges for services	10,924,815	11,177,962	5,112,208	(6,065,754)
Investment income	26,230	26,230	(11,911)	(38,141)
Miscellaneous	6,000	6,000	1,099	(4,901)
Total revenues	14,957,045	15,210,192	7,306,852	(7,903,340)
EXPENDITURES				
Current:				
Public safety	14,435,379	15,456,363	7,849,601	(7,606,762)
Debt service:				
Principal	565,914	565,914	-	(565,914)
Interest and related charges	47,052	47,052	13,009	(34,043)
Capital outlay	1,465,993	1,465,993	768,233	(697,760)
Total expenditures	16,514,338	17,535,322	8,630,843	(8,904,479)
Revenues over (under) expenditures	(1,557,293)	(2,325,130)	(1,323,991)	1,001,139
OTHER FINANCING SOURCES (USES)				
General long-term debt proceeds	1,465,993	1,465,993	-	(1,465,993)
Transfers out	(5,636)	(5,636)	(2,818)	2,818
Total other financing sources and (uses)	1,460,357	1,460,357	(2,818)	(1,463,175)
Net change in fund balances	(96,936)	(864,773)	(1,326,809)	(462,036)
Fund balances - beginning	938,528	927,601	1,477,333	549,732
Fund balances - ending	\$ 841,592	\$ 62,828	\$ 150,524	\$ 87,696

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
Transportation Fund
For the Year Ended December 31, 2021

	2021-2022 Biennial Budgeted Amounts		2021 Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		
REVENUES				
<i>Taxes:</i>				
Sales and use	\$ 11,693,000	\$ 14,214,025	\$ 7,082,666	\$ (7,131,359)
Intergovernmental	11,756,000	11,756,000	3,004,640	(8,751,360)
Charges for services	-	-	23,600	23,600
Investment income	220,517	220,517	(44,062)	(264,579)
Total revenues	23,669,517	26,190,542	10,066,844	(16,123,698)
EXPENDITURES				
<i>Current:</i>				
Transportation	26,939,028	27,216,028	2,098,670	(25,117,358)
Capital outlay	171,470	677,019	2,937,134	2,260,115
Total expenditures	27,110,498	27,893,047	5,035,804	(22,857,243)
Revenues over (under) expenditures	(3,440,981)	(1,702,505)	5,031,040	6,733,545
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	(3,440,981)	(1,702,505)	5,031,040	6,733,545
Fund balances - beginning	2,694,668	5,053,757	9,158,462	4,104,705
Fund balances - ending	\$ (746,313)	\$ 3,351,252	\$ 14,189,502	\$ 10,838,250

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, 2021

	2021-2022 Biennial Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget
	Original	Final	GAAP Basis	
REVENUES				
Licenses and permits	\$ 545,000	\$ 545,000	\$ 259,105	\$ (285,895)
Charges for services	5,020	5,020	1,615	(3,405)
Investment income	24,169	24,169	(6,307)	(30,476)
Miscellaneous	250,000	250,000	98,365	(151,635)
Total revenues	824,189	824,189	352,778	(471,411)
EXPENDITURES				
Current:				
Natural and economic environment	917,080	917,079	312,080	(604,999)
Capital outlay	75,000	75,000	-	(75,000)
Total expenditures	992,080	992,079	312,080	(679,999)
Revenues over (under) expenditures	(167,891)	(167,890)	40,698	208,588
OTHER FINANCING SOURCES (USES)				
Transfers out	(342)	(342)	(171)	171
Total other financing sources and (uses)	(342)	(342)	(171)	171
Net change in fund balances	(168,233)	(168,232)	40,527	208,759
Fund balances - beginning	667,417	740,687	991,384	250,697
Fund balances - ending	\$ 499,184	\$ 572,455	\$ 1,031,911	\$ 459,456

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, 2021

	2021-2022 Biennial		2021	
	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
REVENUES				
<i>Taxes:</i>				
Sales and use	\$ 2,649,300	\$ 3,400,000	\$ 1,761,393	\$ (1,638,607)
Investment income	4,963	4,963	(9,627)	(14,590)
Total revenues	2,654,263	3,404,963	1,751,766	(1,653,197)
EXPENDITURES				
<i>Current:</i>				
Natural and economic environment	1,945,402	2,851,768	1,240,747	(1,611,021)
Total expenditures	1,945,402	2,851,768	1,240,747	(1,611,021)
Revenues over (under) expenditures	708,861	553,195	511,019	(42,176)
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	708,861	553,195	511,019	(42,176)
Fund balances - beginning	355,542	900,204	820,860	(79,344)
Fund balances - ending	\$ 1,064,403	\$ 1,453,399	\$ 1,331,879	\$ (121,520)

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
Low Income Housing Levy Fund
For the Year Ended December 31, 2021

	2021-2022 Biennial Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget
	Original	Final	GAAP Basis	
REVENUES				
<i>Taxes:</i>				
Property	\$ 8,000,000	\$ 8,000,000	\$ 4,011,815	\$ (3,988,185)
Charges for services	-	-	171,183	171,183
Investment income	222,069	222,069	(46,818)	(268,887)
Miscellaneous	107,636	107,636	113,961	6,325
Total revenues	8,329,705	8,329,705	4,250,141	(4,079,564)
EXPENDITURES				
<i>Current:</i>				
Natural and economic environment	15,758,592	16,785,790	1,525,884	(15,259,906)
Total expenditures	15,758,592	16,785,790	1,525,884	(15,259,906)
Revenues over (under) expenditures	(7,428,887)	(8,456,085)	2,724,257	11,180,342
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	(7,428,887)	(8,456,085)	2,724,257	11,180,342
Fund balances - beginning	2,103,020	(2,094,664)	20,126,410	22,221,074
Fund balances - ending	\$ (5,325,867)	\$ (10,550,749)	\$ 22,850,667	\$ 33,401,416

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
Affordable Housing Sales Tax Fund
For the Year Ended December 31, 2021

	2021-2022 Biennial		2021	
	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
REVENUES				
<i>Taxes:</i>				
Sales and use	-	4,497,710	\$ 1,817,031	\$ (2,680,679)
Investment income	-	-	(8,355)	(8,355)
Total revenues	-	4,497,710	1,808,676	(2,689,034)
EXPENDITURES				
<i>Current:</i>				
Natural and economic environment	-	3,050,625	24,974	(3,025,651)
Total expenditures	-	3,050,625	24,974	(3,025,651)
Revenues over (under) expenditures	-	1,447,085	1,783,702	336,617
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	-	1,447,085	1,783,702	336,617
Fund balances - beginning	-	3,597,710	-	(3,597,710)
Fund balances - ending	\$ -	\$ 5,044,795	\$ 1,783,702	\$ (3,261,093)

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, 2021

	2021-2022 Biennial		2021	
	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
REVENUES				
Intergovernmental	\$ 6,839,689	\$ 8,785,961	\$ 3,028,279	\$ (5,757,682)
Charges for services	529,254	529,254	-	(529,254)
Investment income	-	-	574	574
Miscellaneous	140,602	140,602	156,509	15,907
Total revenues	7,509,545	9,455,817	3,185,362	(6,270,455)
EXPENDITURES				
Current:				
Natural and economic environment	7,509,545	10,009,545	1,354,071	(8,655,474)
Total expenditures	7,509,545	10,009,545	1,354,071	(8,655,474)
Revenues over (under) expenditures	-	(553,728)	1,831,291	2,385,019
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	553,728	553,728	-
Total other financing sources and (uses)	-	553,728	553,728	-
Net change in fund balances	-	-	2,385,019	2,385,019
Fund balances - beginning	-	-	17,239,802	17,239,802
Fund balances - ending	\$ -	\$ -	\$ 19,624,821	\$ 19,624,821



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

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

225 – 2004 PFD/Civic Field LTGO Bond

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

226 – 2011 Qualified Energy Conservation Bond (QECB)

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

227 - 2016 PFD Refunding Bond

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

228 - 2014 Solid Waste Rfdg Bond

Refunding of \$3,170,000 bonds originally issued in 2004 to finance the City's portion of Bellingham Bay pollution remediation and cost of land purchase for remediation purposes. This bond was originally accounted for in an enterprise fund, which was closed out to governmental fund activity in 2020, by Ordinance 2020-12-35.

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, 2021

	2004 Sportsplex LTGO Bond	2004 PFD/Civic Field LTGO Bond	2011 QEC Bond	2016 PFD Refunding Bond	2014 Solid Waste Refunding Bond	Governmental Debt Service	LID Guaranty	Debt Service Fund Totals
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ 2,243,771	\$ -	\$ -	\$ -	\$ 14,920	\$ 2,258,691
Investments	-	-	2,265,717	-	-	-	63,408	2,329,125
Receivables, net	475,135	-	-	-	-	-	-	475,135
Due from component units	-	3,815,163	-	7,195,000	-	-	-	11,010,163
Total assets	475,135	3,815,163	4,509,488	7,195,000	-	-	78,328	16,073,114
LIABILITIES								
Deposits	85,367	-	-	-	-	-	-	85,367
Total liabilities	85,367	-	-	-	-	-	-	85,367
FUND BALANCES								
Restricted	389,768	3,815,163	4,509,488	7,195,000	-	-	78,328	15,987,747
Total fund balances	389,768	3,815,163	4,509,488	7,195,000	-	-	78,328	15,987,747
Total liabilities, deferred inflows of resources and fund balances	\$ 475,135	\$ 3,815,163	\$ 4,509,488	\$ 7,195,000	\$ -	\$ -	\$ 78,328	\$ 16,073,114

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Debt Service Funds
For the Year Ended December 31, 2021

	2004 Sportsplex LTGO Bond	2004 PFD/Civic Field LTGO Bond	2011 QEC Bond	2016 PFD Refunding Bond	2014 Solid Waste Refunding Bond	Governmental Debt Service	LID Guaranty	Debt Service Fund Totals
REVENUES								
Investment income	\$ (100)	\$ -	\$ (12,865)	\$ -	\$ -	\$ -	\$ (492)	\$ (13,457)
Miscellaneous	302,230	171,379	-	270,300	-	-	-	743,909
Total revenues	302,130	171,379	(12,865)	270,300	-	-	(492)	730,452
EXPENDITURES								
Debt service:								
Principal	210,000	605,000	-	780,000	560,000	515,486	-	2,670,486
Interest and related charges	68,481	158,138	-	270,300	100,400	103,755	-	701,074
Total expenditures	278,481	763,138	-	1,050,300	660,400	619,241	-	3,371,560
Revenues over (under) expenditures	23,649	(591,759)	(12,865)	(780,000)	(660,400)	(619,241)	(492)	(2,641,108)
OTHER FINANCING SOURCES (USES)								
Transfers in	278,580	-	373,268	-	660,400	619,241	-	1,931,489
Total other financing sources and (uses)	278,580	-	373,268	-	660,400	619,241	-	1,931,489
Net change in fund balances	302,229	(591,759)	360,403	(780,000)	-	-	(492)	(709,619)
Fund balances - beginning	87,539	4,406,922	4,149,085	7,975,000	-	-	78,820	16,697,366
Fund balances - ending	\$ 389,768	\$ 3,815,163	\$ 4,509,488	\$ 7,195,000	\$ -	\$ -	\$ 78,328	\$ 15,987,747

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, 2021

	2021-2022 Biennial Budgeted Amounts		2021 Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ (100)	\$ (100)
Miscellaneous	580,000	580,000	302,230	(277,770)
Total revenues	580,000	580,000	302,130	(277,870)
EXPENDITURES				
Debt service:				
Principal	430,000	430,000	210,000	(220,000)
Interest and related charges	129,226	129,226	68,481	(60,745)
Total expenditures	559,226	559,226	278,481	(280,745)
Revenues over (under) expenditures	20,774	20,774	23,649	2,875
OTHER FINANCING SOURCES (USES)				
Transfers in	-	278,580	278,580	-
Total other financing sources and (uses)	-	278,580	278,580	-
Net change in fund balances	20,774	299,354	302,229	2,875
Fund balances - beginning	11,188	11,188	87,539	76,351
Fund balances - ending	\$ 31,962	\$ 310,542	\$ 389,768	\$ 79,226

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, 2021

	2021-2022 Biennial Budgeted Amounts		2021 Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ 311,799	\$ 311,799	\$ 171,379	\$ (140,420)
Total revenues	<u>311,799</u>	<u>311,799</u>	<u>171,379</u>	<u>(140,420)</u>
EXPENDITURES				
Debt service:				
Principal	1,236,440	1,236,440	605,000	(631,440)
Interest and related charges	311,799	311,799	158,138	(153,661)
Total expenditures	<u>1,548,239</u>	<u>1,548,239</u>	<u>763,138</u>	<u>(785,101)</u>
Revenues over (under) expenditures	(1,236,440)	(1,236,440)	(591,759)	644,681
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,236,440)	(1,236,440)	(591,759)	644,681
Fund balances - beginning	-	-	4,406,922	4,406,922
Fund balances - ending	<u>\$ (1,236,440)</u>	<u>\$ (1,236,440)</u>	<u>\$ 3,815,163</u>	<u>\$ 5,051,603</u>

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, 2021

	2021-2022 Biennial Budgeted Amounts		2021 Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Investment income	\$ 108,077	\$ 108,077	\$ (12,865)	\$ (120,942)
Total revenues	<u>108,077</u>	<u>108,077</u>	<u>(12,865)</u>	<u>(120,942)</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	108,077	108,077	(12,865)	(120,942)
OTHER FINANCING SOURCES (USES)				
Transfers in	746,536	746,536	373,268	(373,268)
Total other financing sources and (uses)	<u>746,536</u>	<u>746,536</u>	<u>373,268</u>	<u>(373,268)</u>
Net change in fund balances	854,613	854,613	360,403	(494,210)
Fund balances - beginning	4,475,265	4,550,817	4,149,085	(401,732)
Fund balances - ending	<u>\$ 5,329,878</u>	<u>\$ 5,405,430</u>	<u>\$ 4,509,488</u>	<u>\$ (895,942)</u>

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, 2021

	2021-2022 Biennial Budgeted Amounts		2021 Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ 513,963	\$ 513,963	\$ 270,300	\$ (243,663)
Total revenues	<u>513,963</u>	<u>513,963</u>	<u>270,300</u>	<u>(243,663)</u>
EXPENDITURES				
Debt service:				
Principal	1,635,000	1,635,000	780,000	(855,000)
Interest and related charges	513,963	513,963	270,300	(243,663)
Total expenditures	<u>2,148,963</u>	<u>2,148,963</u>	<u>1,050,300</u>	<u>(1,098,663)</u>
Revenues over (under) expenditures	(1,635,000)	(1,635,000)	(780,000)	855,000
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,635,000)	(1,635,000)	(780,000)	855,000
Fund balances - beginning	-	-	7,975,000	7,975,000
Fund balances - ending	<u>\$ (1,635,000)</u>	<u>\$ (1,635,000)</u>	<u>\$ 7,195,000</u>	<u>\$ 8,830,000</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
2014 Solid Waste Refunding Bond Fund
For the Year Ended December 31, 2021

	2021-2022 Biennial Budgeted Amounts		2021 Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Total revenues	-	-	-	-
EXPENDITURES				
Debt service:				
Principal	\$ 1,134,583	\$ 1,134,583	\$ 560,000	\$ (574,583)
Interest and related charges	180,563	180,563	100,400	(80,163)
Total expenditures	1,315,146	1,315,146	660,400	(654,746)
Revenues over (under) expenditures	(1,315,146)	(1,315,146)	(660,400)	654,746
OTHER FINANCING SOURCES (USES)				
Transfers in	1,315,146	1,315,146	660,400	(654,746)
Total other financing sources and (uses)	1,315,146	1,315,146	660,400	(654,746)
Net change in fund balances	-	-	-	-
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, 2021

	2021-2022 Biennial Budgeted Amounts		2021 Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Total revenues	-	-	-	-
EXPENDITURES				
Debt service:				
Principal	\$ 1,045,718	\$ 1,045,718	\$ 515,486	\$ (530,232)
Interest and related charges	188,724	188,724	103,755	(84,969)
Total expenditures	1,234,442	1,234,442	619,241	(615,201)
Revenues over (under) expenditures	(1,234,442)	(1,234,442)	(619,241)	615,201
OTHER FINANCING SOURCES (USES)				
Transfers in	1,234,442	1,234,442	619,241	(615,201)
Total other financing sources and (uses)	1,234,442	1,234,442	619,241	(615,201)
Net change in fund balances	-	-	-	-
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, 2021

	2021-2022 Biennial Budgeted Amounts		2021 Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Investment income	\$ 2,026	\$ 2,026	\$ (492)	\$ (2,518)
Total revenues	<u>2,026</u>	<u>2,026</u>	<u>(492)</u>	<u>(2,518)</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>2,026</u>	<u>2,026</u>	<u>(492)</u>	<u>(2,518)</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>2,026</u>	<u>2,026</u>	<u>(492)</u>	<u>(2,518)</u>
Fund balances - beginning	<u>76,903</u>	<u>79,345</u>	<u>78,820</u>	<u>(525)</u>
Fund balances - ending	<u>\$ 78,929</u>	<u>\$ 81,371</u>	<u>\$ 78,328</u>	<u>\$ (3,043)</u>



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, 2021

	Waterfront Construction
ASSETS	
Cash and cash equivalents	\$ 1,831,959
Investments	7,785,407
Receivables, net	864
Total assets	9,618,230
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	710
Total deferred inflows of resources	710
FUND BALANCES	
Restricted	9,617,520
Total fund balances	9,617,520
Total liabilities, deferred inflows of resources and fund balances	\$ 9,618,230

CITY OF BELLINGHAM
Statement of Revenues, Expenditures and Changes in Fund Balance
Capital Project Fund
For the Year Ended December 31, 2021

	<u>Waterfront Construction</u>
REVENUES	
<i>Taxes:</i>	
Property	\$ 72,605
Sales and use	1,000,000
Investment income	<u>(59,771)</u>
Total revenues	<u>1,012,834</u>
 Net change in fund balances	 1,012,834
 Fund balances - beginning	 <u>8,604,686</u>
Fund balances - ending	<u>\$ 9,617,520</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Waterfront Construction
From Inception and For the Year Ended December 31, 2021

	Total Project Budgeted	Prior Years' Actuals	Current Year Actuals	Total Actuals to Date
REVENUES				
<i>Taxes:</i>				
Property	\$ 249,219	\$ 382,842	\$ 72,605	\$ 455,447
Sales and use	8,055,300	8,000,000	1,000,000	9,000,000
Investment income	388,532	471,814	(59,771)	412,043
Total revenues	8,693,051	8,854,656	1,012,834	9,867,490
EXPENDITURES				
Capital outlay	627,980	499,970	-	499,970
Total expenditures	627,980	499,970	-	499,970
Revenues over (under) expenditures	8,065,071	8,354,686	1,012,834	9,367,520
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	\$ 8,190,071	\$ 8,604,686	1,012,834	9,617,520
Fund balances - beginning			8,604,686	-
Fund balances - ending			\$ 9,617,520	\$ 9,617,520



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, 2021

	Greenways Maintenance Endowment	Natural Resources Protection & Restoration	Permanent Fund Totals
ASSETS			
Cash and cash equivalents	\$ 57,992	\$ 1,013,216	\$ 1,071,208
Investments	4,600,514	3,095,404	7,695,918
Due from component units	-	872,238	872,238
Interfund loans receivable	1,277,500	-	1,277,500
Total assets	5,936,006	4,980,858	10,916,864
FUND BALANCES			
Nonspendable	5,878,015	4,000,000	9,878,015
Restricted	57,991	980,858	1,038,849
Total fund balances	5,936,006	4,980,858	10,916,864
Total liabilities, deferred inflows of resources and fund balances	\$ 5,936,006	\$ 4,980,858	\$ 10,916,864

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Permanent Funds
For the Year Ended December 31, 2021

	Greenways Maintenance Endowment	Natural Resources Protection & Restoration	Permanent Fund Totals
REVENUES			
Investment income	\$ (38,940)	\$ 236	\$ (38,704)
Total revenues	<u>(38,940)</u>	<u>236</u>	<u>(38,704)</u>
EXPENDITURES			
Current:			
Natural and economic environment	-	6,009	6,009
Cultural and recreation	9,100	-	9,100
Total expenditures	<u>9,100</u>	<u>6,009</u>	<u>15,109</u>
Revenues over (under) expenditures	(48,040)	(5,773)	(53,813)
Net change in fund balances	(48,040)	(5,773)	(53,813)
Fund balances - beginning	5,984,046	4,986,631	10,970,677
Fund balances - ending	<u>\$ 5,936,006</u>	<u>\$ 4,980,858</u>	<u>\$ 10,916,864</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
Greenways Maintenance Endowment
For the Year Ended December 31, 2021

	2021-2022 Biennial		2021	
	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP Basis	Final Budget
REVENUES				
Investment income	\$ 184,652	\$ 184,652	\$ (38,940)	\$ (223,592)
Total revenues	184,652	184,652	(38,940)	(223,592)
EXPENDITURES				
Current:				
Cultural and recreation	1,484,191	1,484,191	9,100	(1,475,091)
Total expenditures	1,484,191	1,484,191	9,100	(1,475,091)
Revenues over (under) expenditures	(1,299,539)	(1,299,539)	(48,040)	1,251,499
OTHER FINANCING SOURCES (USES)				
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	(1,299,539)	(1,299,539)	(48,040)	1,251,499
Fund balances - beginning	4,162,520	4,779,890	5,984,046	1,204,156
Fund balances - ending	\$ 2,862,981	\$ 3,480,351	\$ 5,936,006	\$ 2,455,655

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, 2021

	2021-2022 Biennial Budgeted Amounts		2021 Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Investment income	\$ 165,707	\$ 165,707	\$ 236	\$ (165,471)
Total revenues	<u>165,707</u>	<u>165,707</u>	<u>236</u>	<u>(165,471)</u>
EXPENDITURES				
Current:				
Natural and economic environment	12,018	12,018	6,009	(6,009)
Total expenditures	<u>12,018</u>	<u>12,018</u>	<u>6,009</u>	<u>(6,009)</u>
Revenues over (under) expenditures	153,689	153,689	(5,773)	(159,462)
OTHER FINANCING SOURCES (USES)				
Transfers out	(260,000)	(560,000)	-	560,000
Total other financing sources and (uses)	<u>(260,000)</u>	<u>(560,000)</u>	<u>-</u>	<u>560,000</u>
Net change in fund balances	(106,311)	(406,311)	(5,773)	400,538
Fund balances - beginning	4,019,892	3,902,293	4,986,631	1,084,338
Fund balances - ending	<u>\$ 3,913,581</u>	<u>\$ 3,495,982</u>	<u>\$ 4,980,858</u>	<u>\$ 1,484,876</u>



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, 2021

	Cemetery	Golf Course	Parking	Medic One	Development Services	Nonmajor Enterprise Fund Totals
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ 88,031	\$ 59,245	\$ -	\$ 1,502,020	\$ 1,649,296
Investments	-	374,113	251,776	-	6,383,241	7,009,130
Receivables, net	1,346	777	240,873	204,774	13,265	461,035
Due from other governments	-	-	-	734,050	-	734,050
Inventory	-	31,467	-	-	-	31,467
Total current assets	1,346	494,388	551,894	938,824	7,898,526	9,884,978
Noncurrent assets:						
Restricted cash and cash equivalents	82,106	-	-	-	-	82,106
Restricted investments	348,933	-	-	-	-	348,933
Net pension asset - State	121,991	13,246	21,051	8,860,694	1,961,390	10,978,372
Capital assets, nondepreciable:						
Land	359,274	-	1,109,904	52,457	-	1,521,635
Capital assets, net of depreciation:						
Buildings	17,638	223,610	1,833,105	168,296	-	2,242,649
Improvements	-	168,879	328,402	-	-	497,281
Machinery and equipment	-	20,871	-	102,526	-	123,397
Total noncurrent assets	929,942	426,606	3,292,462	9,183,973	1,961,390	15,794,373
Total assets	931,288	920,994	3,844,356	10,122,797	9,859,916	25,679,351
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions	14,437	1,568	2,491	560,100	208,548	787,144
Total deferred outflows of resources	14,437	1,568	2,491	560,100	208,548	787,144
LIABILITIES						
Current liabilities:						
Accounts payable	316	43,845	40,503	327,281	15,130	427,075
Accrued wages and benefits	9,130	1,033	3,328	284,746	150,907	449,144
Deposits	67,474	61,979	17,576	-	1,500	148,529
Due to other funds	-	-	-	473,439	-	473,439
Due to other governments	1,274	2,241	6,655	-	-	10,170
Current portion of noncurrent liabilities:						
Compensated absences	16,076	1,193	775	654,658	182,795	855,497
Total current liabilities	94,270	110,291	68,837	1,740,124	350,332	2,363,854
Noncurrent liabilities:						
Compensated absences	2,892	-	-	15,166	43,155	61,213
Net pension liability - State	11,639	1,264	2,009	8,097	146,734	169,743
Total noncurrent liabilities	14,531	1,264	2,009	23,263	189,889	230,956
Total liabilities	108,801	111,555	70,846	1,763,387	540,221	2,594,810
DEFERRED INFLOWS OF RESOURCES						
Related to pensions	126,713	13,759	21,866	4,530,287	1,811,785	6,504,410
Total deferred inflows of resources	126,713	13,759	21,866	4,530,287	1,811,785	6,504,410
NET POSITION						
Net investment in capital assets	376,911	413,361	3,271,412	323,277	-	4,384,961
Restricted:						
Cemetery endowment / preneed	363,566	-	-	-	-	363,566
Net pension asset - State	121,991	13,246	21,051	8,860,694	1,961,390	10,978,372
Rental property inspections	-	-	-	-	318,484	318,484
Unrestricted	(152,257)	370,641	461,672	(4,794,748)	5,436,584	1,321,892
Total net position	\$ 710,211	\$ 797,248	\$ 3,754,135	\$ 4,389,223	\$ 7,716,458	\$ 17,367,275

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2021

	Cemetery	Golf Course	Parking	Medic One	Development Services	Nonmajor Enterprise Fund Totals
Operating revenues:						
Sales of merchandise	\$ 87,630	\$ 387,121	\$ -	\$ -	\$ -	\$ 474,751
Charges for services	301,494	1,413,964	1,336,068	7,615,804	3,938,256	14,605,586
Total operating revenues	389,124	1,801,085	1,336,068	7,615,804	3,938,256	15,080,337
Operating expenses:						
Labor	182,142	31,253	92,462	5,221,886	2,452,179	7,979,922
Supplies	38,058	191,382	244,283	345,715	13,900	833,338
Services	118,456	1,246,093	1,833,206	1,142,178	508,724	4,848,657
Depreciation	2,940	39,961	123,925	136,271	-	303,097
Taxes	5,111	9,091	1,959	19	-	16,180
Insurance	4,928	2,959	12,967	21,931	21,528	64,313
Claims	-	-	-	26,504	-	26,504
Total operating expenses	351,635	1,520,739	2,308,802	6,894,504	2,996,331	14,072,011
Operating income (loss)	37,489	280,346	(972,734)	721,300	941,925	1,008,326
Nonoperating revenues (expenses):						
External grants and subsidies	-	-	-	164,827	23,597	188,424
Assessments and tax levies	-	-	-	986,210	-	986,210
Investment interest	4,285	3,940	4,714	(2,782)	82,874	93,031
Net incr (decr) in fair value of investments	(7,080)	(5,093)	(11,289)	(5,202)	(131,354)	(160,018)
Gain (loss) on sale of capital assets	-	-	-	(46,101)	-	(46,101)
Other nonoperating revenues	29	79	193,509	1,141	5,780	200,538
Other nonoperating expenses	-	-	-	(974,921)	-	(974,921)
Total nonoperating revenues (expenses)	(2,766)	(1,074)	186,934	123,172	(19,103)	287,163
Income (loss) before contributions and transfers	34,723	279,272	(785,800)	844,472	922,822	1,295,489
Transfers in	44,000	-	-	-	-	44,000
Transfers out	-	-	(19,888)	-	(10,273)	(30,161)
Change in net position	78,723	279,272	(805,688)	844,472	912,549	1,309,328
Total net position - beginning	631,488	517,976	4,559,823	3,544,751	6,803,909	16,057,947
Total net position - ending	\$ 710,211	\$ 797,248	\$ 3,754,135	\$ 4,389,223	\$ 7,716,458	\$ 17,367,275

CITY OF BELLINGHAM
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2021

	Development					Nonmajor Enterprise Fund
	Cemetery	Golf Course	Parking	Medic One	Services	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from outside customers	\$ 388,503	\$ 1,801,085	\$ 1,319,254	\$ 6,952,447	\$ 3,944,082	\$ 14,405,371
Payments to employees	(228,962)	(37,035)	(122,850)	(6,669,133)	(3,068,122)	(10,126,102)
Payments to suppliers and service providers	(92,611)	(1,406,357)	(837,172)	(233,118)	(80,185)	(2,649,443)
Payments to claimants	-	-	-	(26,504)	-	(26,504)
Payments for interfund services used	(78,041)	(21,324)	(1,227,710)	(801,613)	(429,284)	(2,557,972)
Other receipts	29	79	193,509	1,141	5,780	200,538
Net cash from operating activities	(11,082)	336,448	(674,969)	(776,780)	372,271	(754,112)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in from other funds	44,000	-	-	-	-	44,000
Transfers out to other funds	-	-	(19,888)	-	(10,273)	(30,161)
Operating grants and loans	-	-	-	164,827	23,597	188,424
Excise tax receipts	-	-	-	986,210	-	986,210
Taxes passed on to other governments	-	-	-	(974,921)	-	(974,921)
Net cash from noncapital financing activities	44,000	-	(19,888)	176,116	13,324	213,552
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES						
Purchases of capital assets	-	(10,658)	-	-	-	(10,658)
Net cash from capital financing activities	-	(10,658)	-	-	-	(10,658)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sales and maturity of investments	134,257	8,185	659,561	473,579	2,622,517	3,898,099
Purchase of investments	(174,328)	(278,613)	(125,790)	-	(3,189,084)	(3,767,815)
Interest and dividends received	4,382	3,446	6,263	(1,537)	85,075	97,629
Net cash from investment activities	(35,689)	(266,982)	540,034	472,042	(481,492)	227,913
Net increase (decrease) in cash and equivalents	(2,771)	58,808	(154,823)	(128,622)	(95,897)	(323,305)
Cash and cash equivalents - beginning of year	84,877	29,223	214,068	128,622	1,597,917	2,054,707
Cash and cash equivalents - end of year	\$ 82,106	\$ 88,031	\$ 59,245	\$ -	\$ 1,502,020	\$ 1,731,402
Reconciliation of operating income (loss) to net cash from operating activities:						
Operating income (loss)	\$ 37,489	\$ 280,346	\$ (972,734)	\$ 721,300	\$ 941,925	\$ 1,008,326
<i>Adjustments to reconcile operating income (loss) to net cash from operating activities:</i>						
Depreciation	2,940	39,961	123,925	136,271	-	303,097
Pension expense - proportionate share	(44,326)	(5,922)	(33,401)	(1,519,766)	(627,660)	(2,231,075)
Miscellaneous income	29	79	193,509	1,141	5,780	200,538
(Increase) decrease in accounts receivable	(621)	-	(16,814)	(45,180)	5,826	(56,789)
(Increase) decrease in due from other governments	-	-	-	(618,177)	-	(618,177)
(Increase) decrease in inventories	-	1,832	-	-	-	1,832
Increase (decrease) in accounts payable	(1,817)	(2,822)	16,710	413	7,303	19,787
Increase (decrease) in wages and benefits payable	(2,494)	140	3,013	72,519	11,717	84,895
Increase (decrease) in due to other funds	-	-	-	473,439	-	473,439
Increase (decrease) in due to other governments	1,274	2,241	6,655	-	(3,117)	7,053
Increase (decrease) in other current liabilities	(4,238)	20,593	4,168	-	930	21,453
Increase (decrease) in other long-term liabilities	682	-	-	1,260	29,567	31,509
Total Adjustments	(48,571)	56,102	297,765	(1,498,080)	(569,654)	(1,762,438)
Net cash from operating activities	\$ (11,082)	\$ 336,448	\$ (674,969)	\$ (776,780)	\$ 372,271	\$ (754,112)
Schedule of noncash activities:						
Net change in fair value of investments	(7,080)	(5,093)	(11,289)	(5,202)	(131,354)	(160,018)



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, 2021

	Fleet Administration	Purchasing Materials Management	Facilities Administration	Technology & Telecom	Claims & Litigation	Unemployment Compensation	Workers Compensation Self-Insurance	Health Benefits	PW Administration & Engineering	Internal Service Fund Totals
ASSETS										
Current assets:										
Cash and cash equivalents	\$ 1,810,120	\$ 189,590	\$ 429,084	\$ 564,636	\$ 634,464	\$ 138,660	\$ 230,217	\$ 635,956	\$ 549,149	\$ 5,181,876
Investments	7,692,595	805,714	1,422,726	2,399,570	2,696,324	589,275	978,370	2,702,666	2,333,760	21,621,000
Receivables, net	309,074	1,674	45,096	4,986	5,603	1,225	2,033	5,616	4,850	380,157
Due from other governments	11,220	-	5,853	1,160	-	-	-	-	-	18,233
Inventory	-	918,800	-	-	-	-	-	-	-	918,800
Prepaid items	-	-	-	-	225	-	33,804	-	-	34,029
Restricted cash and cash equivalents	-	-	3,722,200	-	-	-	-	-	-	3,722,200
Restricted investments	-	-	16,219,281	-	-	-	-	-	-	16,219,281
Total current assets	9,823,009	1,915,778	21,844,240	2,970,352	3,336,616	729,160	1,244,424	3,344,238	2,887,759	48,095,576
Noncurrent assets:										
Net pension asset - State	839,154	487,401	1,141,091	371,667	135,216	4,121	39,741	183,443	3,313,823	6,515,657
Capital assets, nondepreciable:										
Land	-	-	40,102	-	-	-	-	-	-	40,102
Construction in progress	999,282	-	3,147,985	-	-	-	-	-	-	4,147,267
Capital assets, net of depreciation:										
Buildings	-	-	869,985	-	-	-	-	-	-	869,985
Improvements	1,483,462	-	3,633,984	-	-	-	-	-	-	5,117,446
Machinery and equipment	14,600,603	-	17,909	164,598	-	-	-	-	20,178	14,803,288
Intangibles - software	-	-	-	613,362	-	-	-	-	-	613,362
Total noncurrent assets	17,922,501	487,401	8,851,056	1,149,627	135,216	4,121	39,741	183,443	3,334,001	32,107,107
Total assets	27,745,510	2,403,179	30,695,296	4,119,979	3,471,832	733,281	1,284,165	3,527,681	6,221,760	80,202,683
DEFERRED OUTFLOWS OF RESOURCES										
Related to pensions	99,311	57,682	135,044	43,986	16,002	488	4,703	21,710	392,178	771,104
Total deferred outflows of resources	99,311	57,682	135,044	43,986	16,002	488	4,703	21,710	392,178	771,104

CITY OF BELLINGHAM
Combining Statement of Net Position
Internal Service Funds
December 31, 2021

	Fleet Administration	Purchasing Materials Management	Facilities Administration	Technology & Telecom	Claims & Litigation	Unemployment Compensation	Workers Compensation Self-Insurance	Health Benefits	PW Administration & Engineering	Internal Service Fund Totals
LIABILITIES										
Current liabilities:										
Accounts payable	80,101	45,870	820,872	8,548	8,032	-	-	148,267	50,239	1,161,929
Accrued wages and benefits	72,745	38,329	101,115	21,487	8,319	352	3,255	41,829	238,119	525,550
Deposits	-	-	-	-	-	-	-	26,318	784,137	810,455
Due to other governments	937	-	-	-	-	25,485	60,202	81,857	-	168,481
Unearned revenue	30,000	-	-	-	-	-	-	-	-	30,000
Current portion of noncurrent liabilities:										
Bonds payable, net	-	-	691,855	-	-	-	-	-	-	691,855
Compensated absences	68,154	39,247	92,710	17,044	4,903	400	3,802	20,136	347,061	593,457
Claims and judgments payable	-	-	-	-	200,000	20,302	86,433	1,264,619	-	1,571,354
Total current liabilities	251,937	123,446	1,706,552	47,079	221,254	46,539	153,692	1,583,026	1,419,556	5,553,081
Noncurrent liabilities:										
Bonds payable, net	-	-	25,226,940	-	-	-	-	-	-	25,226,940
Compensated absences	23,738	973	20,068	-	-	-	-	3,565	127,915	176,259
Claims and judgments payable	-	-	-	-	1,310,000	-	-	-	-	1,310,000
Other noncurrent liabilities	245,000	-	-	-	-	-	-	-	-	245,000
Net pension liability - State	80,067	46,504	108,874	35,462	12,901	393	3,792	17,503	316,180	621,676
Total noncurrent liabilities	348,805	47,477	25,355,882	35,462	1,322,901	393	3,792	21,068	444,095	27,579,875
Total liabilities	600,742	170,923	27,062,434	82,541	1,544,155	46,932	157,484	1,604,094	1,863,651	33,132,956
DEFERRED INFLOWS OF RESOURCES										
Related to pensions	871,635	506,266	1,185,258	386,053	140,450	4,280	41,279	190,544	3,442,088	6,767,853
Total deferred inflows of resources	871,635	506,266	1,185,258	386,053	140,450	4,280	41,279	190,544	3,442,088	6,767,853
NET POSITION										
Net investment in capital assets	17,083,347	-	7,724,282	777,960	-	-	-	-	20,177	25,605,766
Restricted:										
Net pension asset - State	839,154	487,401	1,141,091	371,667	135,216	4,121	39,741	183,443	3,313,823	6,515,657
Unrestricted	8,449,943	1,296,271	(6,282,725)	2,545,744	1,668,013	678,436	1,050,364	1,571,310	(2,025,801)	8,951,555
Total net position	\$ 26,372,444	\$ 1,783,672	\$ 2,582,648	\$ 3,695,371	\$ 1,803,229	\$ 682,557	\$ 1,090,105	\$ 1,754,753	\$ 1,308,199	\$ 41,072,978

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2021

	Fleet Administration	Purchasing Materials Management	Facilities Administration	Technology & Telecom	Claims & Litigation	Unemployment Compensation	Workers Compensation Self-Insurance	Health Benefits	PW Administration & Engineering	Internal Service Fund Totals
Operating revenues:										
Sales of merchandise	\$ -	\$ 2,755,774	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,755,774
Charges for services	4,914,951	183,867	4,666,595	2,260,382	1,481,400	146,485	554,794	9,909,046	6,856,112	30,973,632
Total operating revenues	4,914,951	2,939,641	4,666,595	2,260,382	1,481,400	146,485	554,794	9,909,046	6,856,112	33,729,406
Operating expenses:										
Labor	1,202,084	677,858	1,835,550	488,366	169,403	6,355	55,824	274,216	3,781,624	8,491,280
Supplies	549,825	1,442,470	389,066	1,011,585	2,260	-	1,229	31,308	97,349	3,525,092
Services	1,357,968	323,111	4,007,146	1,455,613	496,215	6,673	(118,127)	3,475,559	1,249,920	12,254,078
Depreciation	2,061,906	-	154,617	195,920	-	-	-	-	2,242	2,414,685
Taxes	963	-	(39)	11	-	-	-	-	-	935
Insurance	28,341	7,043	17,503	-	1,359,432	-	143,193	1,463	62,514	1,619,489
Claims	-	-	-	-	291,486	36,410	544,650	8,204,704	-	9,077,250
Total operating expenses	5,201,087	2,450,482	6,403,843	3,151,495	2,318,796	49,438	626,769	11,987,250	5,193,649	37,382,809
Operating income (loss)	(286,136)	489,159	(1,737,248)	(891,113)	(837,396)	97,047	(71,975)	(2,078,204)	1,662,463	(3,653,403)
Nonoperating revenues (expenses):										
External grants and subsidies	-	-	218,645	-	-	-	-	-	-	218,645
Assessments and tax levies	903,223	-	-	-	-	-	-	-	-	903,223
Investment interest	97,747	9,875	162,594	29,081	41,001	7,343	12,897	37,587	15,145	413,270
Net incr (decr) in fair value of investments	(166,667)	(13,508)	(203,330)	(58,712)	(64,173)	(12,130)	(23,202)	(63,959)	(49,347)	(655,028)
Interest expense and related charges	-	-	(723,305)	-	-	-	-	-	-	(723,305)
Gain (loss) on sale of capital assets	(87,198)	-	-	-	-	-	-	-	-	(87,198)
Other nonoperating revenues	75,258	51	73,992	3,008	82	-	-	7,948	-	160,339
Other nonoperating expenses	-	-	-	-	-	-	-	-	(2,262)	(2,262)
Total nonoperating revenues (expenses)	822,363	(3,582)	(471,404)	(26,623)	(23,090)	(4,787)	(10,305)	(18,424)	(36,464)	227,684
Income (loss) before contributions and transfers	536,227	485,577	(2,208,652)	(917,736)	(860,486)	92,260	(82,280)	(2,096,628)	1,625,999	(3,425,719)
Transfers in	-	-	5,341,921	350,000	-	-	-	-	-	5,691,921
Transfers out	(129,240)	(11,491)	(3,515)	(2,188)	-	-	-	(7,785)	(387,162)	(541,381)
Change in net position	406,987	474,086	3,129,754	(569,924)	(860,486)	92,260	(82,280)	(2,104,413)	1,238,837	1,724,821
Total net position - beginning	25,965,457	1,309,586	(547,106)	4,265,295	2,663,715	590,297	1,172,385	3,859,166	69,362	39,348,157
Total net position - ending	\$ 26,372,444	\$ 1,783,672	\$ 2,582,648	\$ 3,695,371	\$ 1,803,229	\$ 682,557	\$ 1,090,105	\$ 1,754,753	\$ 1,308,199	\$ 41,072,978

CITY OF BELLINGHAM
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2021

	Fleet Administration	Purchasing Materials Management	Facilities Administration	Technology & Telecom	Claims & Litigation	Unemployment Compensation	Workers Compensation Self-Insurance	Health Benefits	PW Administration & Engineering	Internal Service Fund Totals
CASH FLOWS FROM OPERATING ACTIVITIES										
Receipts from outside customers	\$ -	\$ -	\$ 72,117	\$ 802	\$ -	\$ -	\$ -	\$ -	\$ 162,942	\$ 235,861
Receipts from interfund services provided	4,864,460	2,939,641	4,769,090	2,259,020	1,481,400	146,485	554,794	15,019,377	6,693,170	38,727,437
Payments to employees	(1,523,537)	(890,991)	(2,261,212)	(659,604)	(264,409)	(9,280)	(73,004)	(414,914)	(4,971,113)	(11,068,064)
Payments to suppliers and service providers	(1,204,847)	(1,416,582)	(3,570,962)	(2,804,485)	(1,749,301)		(221,357)	(6,885,849)	(426,771)	(18,280,154)
Payments to claimants	-	-	-	(1,776)	(217,118)	(95,101)	(544,650)	(8,204,704)	-	(9,063,349)
Payments for interfund services used	(785,365)	(215,023)	(658,517)	(54,710)	(101,680)	(6,673)	(12,927)	(321,209)	(1,068,384)	(3,224,488)
Other receipts	75,258	51	-	3,008	82	-	-	7,948	-	86,347
Net cash from operating activities	1,425,969	417,096	(1,649,484)	(1,257,745)	(851,026)	35,431	(297,144)	(799,351)	389,844	(2,586,410)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES										
Transfers in from other funds	-	-	841,921	350,000	-	-	-	-	-	1,191,921
Transfers out to other funds	(129,240)	(11,491)	(3,515)	(2,188)	-	-	-	(7,785)	(387,162)	(541,381)
Operating grants and loans	-	-	218,645	-	-	-	-	-	-	218,645
Excise tax receipts	903,223	-	-	-	-	-	-	-	-	903,223
Net cash from noncapital financing activities	773,983	(11,491)	1,057,051	347,812	-	-	-	(7,785)	(387,162)	1,772,408
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES										
Transfers in from other funds	-	-	4,500,000	-	-	-	-	-	-	4,500,000
Proceeds from issuance of capital bonds	-	-	20,078,795	-	-	-	-	-	-	20,078,795
Principal payments on capital debt	-	-	(260,000)	-	-	-	-	-	-	(260,000)
Interest payments on capital debt	-	-	(674,201)	-	-	-	-	-	-	(674,201)
Purchases of capital assets	(2,758,844)	-	(3,392,696)	(25,781)	-	-	-	-	-	(6,177,321)
Sale of capital assets	54,827	-	-	-	-	-	-	-	-	54,827
Net cash from capital financing activities	(2,704,017)	-	20,251,898	(25,781)	-	-	-	-	-	17,522,100
CASH FLOWS FROM INVESTING ACTIVITIES										
Proceeds from sales and maturity of investments	3,922,393	51,365	986,315	1,835,571	1,898,767	242,471	681,383	1,869,974	1,079,238	12,567,477
Purchase of investments	(3,843,239)	(402,538)	(17,092,237)	(1,198,830)	(1,347,090)	(294,403)	(488,797)	(1,350,261)	(1,165,954)	(27,183,349)
Interest and dividends received	102,404	9,418	130,455	32,142	44,010	7,547	13,969	40,516	16,266	396,727
Net cash from investment activities	181,558	(341,755)	(15,975,467)	668,883	595,687	(44,385)	206,555	560,229	(70,450)	(14,219,145)
Net increase (decrease) in cash and equivalents	(322,507)	63,850	3,683,998	(266,831)	(255,339)	(8,954)	(90,589)	(246,907)	(67,768)	2,488,953
Cash and cash equivalents - beginning of year	2,132,627	125,740	467,286	831,467	889,803	147,614	320,806	882,863	616,917	6,415,123
Cash and cash equivalents - end of year	\$ 1,810,120	\$ 189,590	\$ 4,151,284	\$ 564,636	\$ 634,464	\$ 138,660	\$ 230,217	\$ 635,956	\$ 549,149	\$ 8,904,076

CITY OF BELLINGHAM
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2021

	Fleet Administration	Purchasing Materials Management	Facilities Administration	Technology & Telecom	Claims & Litigation	Unemployment Compensation	Workers Compensation Self-Insurance	Health Benefits	PW Administration & Engineering	Internal Service Fund Totals
Reconciliation of operating income (loss) to net cash from operating activities:										
Operating income (loss)	\$ (286,136)	\$ 489,159	\$ (1,737,248)	\$ (891,113)	\$ (837,396)	\$ 97,047	\$ (71,975)	\$ (2,078,204)	\$ 1,662,463	\$ (3,653,403)
<i>Adjustments to reconcile operating income (loss) to net cash from operating activities:</i>										
Depreciation	2,061,906	-	154,617	195,920	-	-	-	-	2,242	2,414,685
Pension expense - proportionate share	(325,567)	(206,472)	(418,569)	(149,531)	(63,982)	(1,955)	(16,292)	(67,227)	(1,199,003)	(2,448,598)
Miscellaneous income	75,258	51	73,992	3,008	82	-	-	7,948	-	160,339
(Increase) decrease in accounts receivable	(134,282)	-	102,495	600	-	-	-	-	-	(31,187)
(Increase) decrease in due from other governments	83,791	-	(1,875)	(1,160)	-	-	-	-	-	80,756
(Increase) decrease in inventories	-	141,714	-	-	-	-	-	-	-	141,714
(Increase) decrease in prepaid items	-	-	-	-	(82)	-	22,211	-	1,979	24,108
Increase (decrease) in accounts payable	(34,276)	2,192	181,816	(391,986)	7,008	-	(344)	139,152	19,732	(76,706)
Increase (decrease) in wages and benefits payable	4,114	(6,661)	(7,093)	(21,707)	(31,024)	(970)	(888)	(73,471)	9,514	(128,186)
Increase (decrease) in due to other governments	937	-	-	-	-	1,429	344	2,395	-	5,105
Increase (decrease) in other current liabilities	-	-	-	-	50,000	(60,120)	(230,200)	1,267,210	(124,810)	902,080
Increase (decrease) in other long-term liabilities	(19,776)	(2,887)	2,381	(1,776)	24,368	-	-	2,846	17,727	22,883
Total Adjustments	1,712,105	(72,063)	87,764	(366,632)	(13,630)	(61,616)	(225,169)	1,278,853	(1,272,619)	1,066,993
Net cash from operating activities	\$ 1,425,969	\$ 417,096	\$ (1,649,484)	\$ (1,257,745)	\$ (851,026)	\$ 35,431	\$ (297,144)	\$ (799,351)	\$ 389,844	\$ (2,586,410)
Schedule of noncash activities:										
Net change in fair value of investments	(166,667)	(13,508)	(203,330)	(58,712)	(64,173)	(12,130)	(23,202)	(63,959)	(49,347)	(655,028)



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 _____	175
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity _____	181
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity _____	186
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information _____	191
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information _____	194
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<i>Governmental activities</i>										
Net investment in capital assets	\$ 324,871,812	\$ 333,862,114	\$ 342,989,693	\$ 362,378,047	\$ 362,904,143	\$ 366,839,801	\$ 378,166,235	\$ 406,476,617	\$ 408,895,734	\$ 422,701,743
Restricted	63,216,204	62,125,404	70,368,152	88,313,935	107,165,902	114,199,262	128,102,242	149,621,721	167,300,496	241,236,643
Unrestricted	<u>10,683,052</u>	<u>23,564,996</u>	<u>27,350,712</u>	<u>(21,127,164)</u>	<u>(20,525,708)</u>	<u>(2,824,122)</u>	<u>(10,435,280)</u>	<u>(10,305,530)</u>	<u>(21,394,492)</u>	<u>(51,305,617)</u>
Total governmental activities net position	\$ 398,771,068	\$ 419,552,514	\$ 440,708,557	\$ 429,564,818	\$ 449,544,337	\$ 478,214,941	\$ 495,833,197	\$ 545,792,808	\$ 554,801,738	\$ 612,632,769
<i>Business-type activities</i>										
Net investment in capital assets	\$ 207,441,809	\$ 210,438,253	\$ 215,294,427	\$ 229,373,343	\$ 235,121,659	\$ 238,300,273	\$ 247,652,580	\$ 247,261,373	\$ 266,692,917	\$ 276,121,753
Restricted	10,839,307	14,645,165	4,978,708	13,004,866	13,914,042	13,586,485	12,589,428	16,078,932	20,745,883	32,962,902
Unrestricted	<u>19,030,468</u>	<u>20,202,114</u>	<u>36,528,460</u>	<u>24,174,486</u>	<u>35,863,739</u>	<u>49,068,048</u>	<u>57,097,488</u>	<u>64,087,613</u>	<u>71,925,889</u>	<u>75,202,374</u>
Total business-type activities net position	\$ 237,311,584	\$ 245,285,532	\$ 256,801,595	\$ 266,552,695	\$ 284,899,440	\$ 300,954,806	\$ 317,339,496	\$ 327,427,918	\$ 359,364,689	\$ 384,287,029
<i>Primary government</i>										
Net investment in capital assets	\$ 532,313,621	\$ 544,300,367	\$ 558,284,120	\$ 591,751,390	\$ 598,025,802	\$ 605,140,074	\$ 625,818,815	\$ 653,737,990	\$ 675,588,651	\$ 698,823,496
Restricted	74,055,511	76,770,569	75,346,860	101,318,801	121,079,944	127,785,747	140,691,670	165,700,653	188,046,379	274,199,545
Unrestricted	<u>29,713,520</u>	<u>43,767,110</u>	<u>63,879,172</u>	<u>3,047,322</u>	<u>15,338,031</u>	<u>46,243,926</u>	<u>46,662,208</u>	<u>53,782,083</u>	<u>50,531,397</u>	<u>23,896,757</u>
Total primary government net position	\$ 636,082,652	\$ 664,838,046	\$ 697,510,152	\$ 696,117,513	\$ 734,443,777	\$ 779,169,747	\$ 813,172,693	\$ 873,220,726	\$ 914,166,427	\$ 996,919,798

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
General government	\$ 15,336,663	\$ 12,938,178	\$ 13,330,765	\$ 21,382,635	\$ 11,391,809	\$ 12,120,974	\$ 12,069,270	\$ 10,089,864	\$ 14,716,395	\$ 9,499,011
Public safety	39,889,144	40,543,763	41,780,157	40,230,260	46,056,110	47,454,897	44,921,075	52,959,963	58,100,035	57,426,507
Physical environment	6,345,653	5,262,932	-	-	-	-	-	-	-	-
Transportation	11,838,466	14,739,413	15,313,990	20,888,508	17,292,839	16,702,711	16,418,105	19,314,775	22,068,733	17,854,727
Natural and economic environment	4,207,740	6,935,800	12,398,818	18,702,452	7,747,615	9,362,815	7,189,654	8,890,146	8,515,837	9,527,489
Social services	77,562	238,327	-	158,903	154,308	186,873	187,762	299,812	1,217,330	1,191,925
Culture and recreation	14,773,090	13,142,560	13,553,671	13,768,352	18,863,236	14,537,391	16,918,935	18,774,899	17,364,969	15,592,640
Interest & redemption of long-term debt	619,606	2,277,874	1,929,924	562,560	970,283	861,915	799,658	745,903	690,689	1,432,265
Total governmental activities expenses	<u>93,087,924</u>	<u>96,078,847</u>	<u>98,307,325</u>	<u>115,693,670</u>	<u>102,476,200</u>	<u>101,227,575</u>	<u>98,504,458</u>	<u>111,075,362</u>	<u>122,673,988</u>	<u>112,524,564</u>
Business-type activities										
Water	17,830,958	18,831,300	19,497,081	18,327,036	21,320,769	19,414,055	21,630,618	22,915,547	26,859,338	22,484,745
Wastewater	17,715,664	18,726,642	18,840,811	17,696,811	19,130,362	22,459,980	21,774,931	21,022,170	22,966,888	22,454,490
Surface and stormwater	5,550,615	5,887,978	6,470,574	6,528,425	7,597,240	8,234,425	8,428,683	9,782,259	11,837,154	9,255,395
Solid waste	1,070,494	3,820,556	1,059,053	4,639,246	557,331	1,391,372	1,646,867	5,303,940	1,013,948	-
Cemetery	534,234	557,285	553,247	477,242	624,515	475,706	288,186	339,613	439,673	325,799
Golf course	124,476	265,759	382,598	127,290	149,609	240,901	1,200,065	1,110,470	1,123,511	1,329,357
Parking	1,323,104	1,285,864	2,129,923	1,936,191	2,373,829	2,523,746	2,359,361	3,395,219	2,380,468	2,308,802
Medic one	7,306,912	9,019,331	7,033,307	5,844,420	7,006,788	6,903,949	7,279,999	8,368,737	8,258,424	7,915,526
Development services	1,685,449	1,870,090	1,987,896	2,378,351	2,330,614	2,840,794	3,323,520	3,033,173	3,680,570	2,996,331
Total business-type activities expenses	<u>53,141,906</u>	<u>60,264,805</u>	<u>57,954,490</u>	<u>57,955,012</u>	<u>61,091,057</u>	<u>64,484,928</u>	<u>67,932,230</u>	<u>75,271,128</u>	<u>78,559,974</u>	<u>69,070,445</u>
Total primary government expenses	<u>\$ 146,229,830</u>	<u>\$ 156,343,652</u>	<u>\$ 156,261,815</u>	<u>\$ 173,648,682</u>	<u>\$ 163,567,257</u>	<u>\$ 165,712,503</u>	<u>\$ 166,436,688</u>	<u>\$ 186,346,490</u>	<u>\$ 201,233,962</u>	<u>\$ 181,595,009</u>

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

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

Page 2 of 3

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Program Revenues										
<i>Governmental activities</i>										
Charges for services:										
General government	\$ 8,609,125	\$ 9,995,525	\$ 10,926,041	\$ 7,662,685	\$ 3,220,350	\$ 2,770,294	\$ 2,355,313	\$ 2,143,986	\$ 1,902,539	\$ 1,902,966
Public safety	4,847,396	5,021,635	6,555,208	5,871,325	4,525,825	4,778,237	7,117,741	7,393,728	8,981,500	8,898,303
Physical environment	2,986,750	2,851,207	2,932,433	1,580,528	-	-	-	-	-	-
Transportation	1,832,860	2,744,691	1,554,120	137,924	1,443,136	2,112,891	1,609,622	1,696,657	1,300,091	1,793,618
Natural and economic environment	21,557	13,771	148,321	-	145,319	130,670	16,151	36,295	462,099	687,899
Culture and recreation	3,348,290	4,136,307	4,049,345	3,730,015	3,331,067	3,066,500	3,392,983	3,521,355	1,947,181	3,690,045
Operating grants and contributions	6,169,221	6,118,748	5,420,055	6,183,359	7,885,832	9,250,586	7,729,986	11,532,667	15,913,858	15,379,484
Capital grants and contributions	3,287,138	9,392,828	7,695,787	10,457,416	10,589,089	7,522,671	18,729,180	6,192,930	6,684,206	17,379,065
Total governmental activities program revenues	31,102,337	40,274,712	39,281,310	35,623,252	31,140,618	29,631,849	40,950,976	32,517,618	37,191,474	49,731,380
<i>Business-type activities</i>										
Charges for services:										
Water	20,657,488	22,823,773	23,305,823	24,091,668	25,440,410	26,968,245	27,921,131	28,840,430	28,647,894	31,016,623
Wastewater	18,866,004	19,389,261	20,766,951	21,299,246	22,674,616	24,181,185	25,518,227	25,649,680	25,017,911	27,402,030
Surface and stormwater	5,526,016	6,500,655	7,202,502	8,502,059	8,437,892	8,734,819	8,635,868	9,870,144	9,466,678	10,134,985
Solid waste	236,780	209,253	236,188	193,954	-	18,538	-	-	-	-
Cemetery	274,244	275,548	281,712	318,244	385,306	337,474	280,675	286,276	348,745	363,288
Golf course	201,016	224,818	213,790	156,019	170,961	142,698	1,032,541	999,203	1,259,969	1,609,703
Parking	2,173,587	2,085,321	2,189,751	2,552,235	2,480,115	2,233,043	2,207,928	2,173,553	1,171,825	1,336,068
Medic one	2,301,064	6,714,586	5,911,804	4,795,313	4,989,151	6,170,702	6,356,248	6,721,225	7,180,244	7,615,804
Development services	2,123,596	2,607,991	2,896,780	3,220,430	3,361,294	3,644,024	3,918,500	4,156,191	3,270,229	3,938,256
Operating grants and contributions	3,722,655	1,692,473	420,099	548,128	71,400	45,824	2,050,604	944,316	4,831,104	1,019,723
Capital grants and contributions	1,118,079	1,438,295	2,412,989	7,978,361	6,549,965	3,318,479	4,507,921	2,301,005	12,051,137	9,347,825
Total business-type activities revenues	57,200,529	61,028,977	65,838,389	73,655,657	74,561,110	75,795,031	82,429,643	81,942,023	93,245,736	93,784,305
Total primary government program revenues	\$ 88,302,866	\$ 101,303,689	\$ 105,119,699	\$ 109,278,909	\$ 105,701,728	\$ 105,426,880	\$ 123,380,619	\$ 114,459,641	\$ 130,437,210	\$ 143,515,685
Net revenue (expense)										
Governmental activities	\$ (61,985,587)	\$ (55,804,135)	\$ (77,993,135)	\$ (80,070,418)	\$ (71,335,582)	\$ (71,595,726)	\$ (57,553,482)	\$ (78,557,744)	\$ (85,482,514)	\$ (62,793,184)
Business-type activities	4,058,623	764,172	8,957,530	12,564,600	13,470,053	11,310,103	14,497,413	6,670,895	14,685,762	24,713,860
Total primary government net expense	\$ (57,926,964)	\$ (55,039,963)	\$ (69,035,605)	\$ (64,369,773)	\$ (57,865,529)	\$ (60,285,623)	\$ (43,056,069)	\$ (71,886,849)	\$ (70,796,752)	\$ (38,079,324)

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Assets										
Taxes:										
Property	\$ 17,628,836	\$ 20,986,967	\$ 21,420,754	\$ 21,921,209	\$ 22,236,396	\$ 25,227,041	\$ 23,317,634	\$ 27,072,421	\$ 27,313,408	\$ 28,169,200
Sales and use	25,823,907	28,021,708	29,355,254	30,320,519	31,721,766	33,661,575	36,294,219	37,918,673	36,030,308	44,770,637
Business	26,097,370	27,109,401	27,648,814	29,884,433	31,249,275	32,565,751	33,921,912	34,513,080	33,186,060	39,275,347
Real estate excise	-	-	-	3,663,842	3,762,944	4,270,238	4,987,075	4,063,836	3,879,033	5,850,490
Other	3,081,317	3,275,785	3,507,729	1,023,206	1,081,410	1,040,408	1,126,888	1,125,714	818,693	678,473
Investment income	1,134,224	176,643	1,556,628	1,396,110	1,293,161	936,410	2,084,395	5,014,538	3,766,874	(1,367,360)
Miscellaneous revenue	-	-	125,433	1,625,021	1,061,761	2,400,214	2,078,616	2,852,368	2,134,170	2,721,081
Transfers	(1,411,894)	(2,763,834)	(1,304,553)	1,715,147	(1,091,620)	164,698	1,879,521	2,151,174	(10,602,679)	526,352
Total governmental activities	72,353,760	76,806,670	82,310,059	91,549,487	91,315,093	100,266,335	105,690,260	114,711,804	96,525,867	120,624,220
<i>Business-type activities</i>										
Business taxes	1,244,127	1,274,696	1,330,240	1,370,813	1,393,427	1,417,406	1,442,063	1,582,043	1,543,904	-
Other taxes	-	-	636,485	663,189	687,714	745,263	817,625	867,972	841,394	986,210
Investment income	774,753	(211,280)	775,424	433,883	306,063	593,805	1,193,178	2,826,410	1,979,843	(617,061)
Miscellaneous revenue	-	54,548	454,998	55,025	1,397,864	2,153,483	178,448	210,549	230,408	365,683
Sale of capital assets									18,366	-
Transfers	1,411,894	2,763,834	1,304,553	(1,715,147)	1,091,620	(164,698)	(1,879,521)	(2,151,174)	10,602,679	(526,352)
Special items	-	1,176,877	(869,536)	-	-	-	-	-	-	-
Total business-type activities	3,430,774	7,991,672	3,632,164	807,763	4,876,688	4,745,259	1,751,793	3,335,800	15,216,594	208,480
Total primary government	\$ 75,784,534	\$ 84,798,342	\$ 85,942,223	\$ 92,357,250	\$ 96,191,781	\$ 105,011,594	\$ 107,442,053	\$ 118,047,604	\$ 111,742,461	\$ 120,832,700
Change in net position										
Governmental activities	\$ 10,368,173	\$ 21,002,535	\$ 23,284,044	\$ 11,479,069	\$ 19,979,511	\$ 28,670,609	\$ 27,132,516	\$ 36,154,060	\$ 11,043,353	\$ 57,831,036
Business-type activities	7,489,397	8,755,844	11,516,063	16,508,408	18,346,741	16,055,362	8,422,688	10,006,695	29,902,356	24,922,340
Prior period adjustments	(1,995,809.0)	(1,002,979.0)	(2,128,001.0)	(29,380,114.0)	-	-	(30,383,029)	13,887,281.7	-	-
Total primary government	\$ 15,861,761	\$ 28,755,400	\$ 32,672,106	\$ (1,392,637)	\$ 38,326,252	\$ 44,725,971	\$ 5,172,175	\$ 60,048,037	\$ 40,945,709	\$ 82,753,376

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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nondspendable	744,750	185,207	3,500	4,214	331,188	328,343	11,752	51,720	53,015	40,989
Restricted	13,410,236	17,658,044	21,273,248	20,202,023	27,151,024	34,580,195	36,740,176	54,309,033	53,959,634	59,856,020
Committed	11,125,469	10,967,686	10,864,827	8,975,034	1,114,183	1,104,499	1,101,766	10,610,829	11,563,858	10,887,670
Assigned	8,210,509	8,429	11,159	4,142	7,917,779	7,149,535	9,627,262	10,509,711	13,292,014	17,830,594
Unassigned	4,663,166	14,508,167	16,246,739	20,113,545	22,587,604	25,354,134	32,241,438	38,703,439	39,726,896	47,311,076
Total general fund	<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>	<u>118,595,417</u>	<u>135,926,349</u>
All Other Governmental Funds										
Reserved, reported in:										
Nondspendable	20,836,763	8,766,712	9,096,202	9,545,096	45,172,181	48,512,839	9,884,136	9,939,391	9,984,221	9,879,265
Restricted	17,843,562	35,051,972	39,889,984	43,745,102	23,817,423	28,466,861	71,369,467	75,418,687	83,824,249	95,249,333
Assigned	1,019,540	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>39,699,865</u>	<u>43,818,684</u>	<u>48,986,186</u>	<u>53,290,198</u>	<u>68,989,604</u>	<u>76,979,700</u>	<u>81,253,603</u>	<u>85,358,078</u>	<u>93,808,470</u>	<u>105,128,598</u>
Total governmental funds	<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>	<u>\$ 212,403,887</u>	<u>\$ 241,054,947</u>

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

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

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

Revenues	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<i>Taxes (see schedule 5)</i>										
Property	\$ 17,660,090	\$ 21,050,298	\$ 21,421,965	\$ 21,949,543	\$ 22,276,130	\$ 22,594,301	\$ 23,317,634	\$ 27,072,421	\$ 27,313,407	\$ 28,236,188
Sales and use	25,823,907	28,021,705	29,355,254	29,692,863	31,062,115	32,963,034	35,535,800	37,128,156	35,262,147	43,867,414
Business	26,097,371	27,314,468	27,648,814	29,884,433	31,249,275	32,565,751	33,921,912	34,513,080	33,186,060	39,275,347
Real estate excise	2,296,408	2,337,770	2,529,869	3,663,842	3,762,944	4,270,238	4,987,075	4,063,836	3,879,033	5,850,490
Other	784,908	732,950	977,860	1,023,206	1,081,410	1,040,408	1,126,888	1,125,714	818,693	678,473
Licenses and permits	1,232,642	1,300,553	1,258,008	1,284,618	1,402,554	1,304,761	1,236,413	1,197,004	1,158,769	1,107,520
Intergovernmental revenue	10,624,466	11,452,576	11,508,745	14,993,044	12,120,722	13,873,654	23,086,494	16,327,449	20,085,579	28,127,511
Charges for services	18,196,715	21,243,000	21,838,838	16,885,318	9,893,767	10,727,758	12,780,111	12,938,116	12,158,818	15,503,075
Fines and penalties	1,172,060	1,159,922	1,072,066	986,371	826,412	755,587	704,626	644,224	375,709	299,524
Investment income	-	-	-	-	-	667,392	1,710,933	4,133,788	3,366,279	(1,056,469)
Miscellaneous revenues	2,595,705	1,952,598	2,839,951	2,812,043	2,750,058	2,951,278	2,245,572	2,688,725	2,104,353	2,560,742
Total revenues	106,484,272	116,565,840	120,451,370	123,175,281	116,425,387	123,714,162	140,653,458	141,832,513	139,708,847	164,449,815
Expenditures										
General government services	14,913,851	12,416,812	13,278,942	15,364,903	9,177,841	10,629,413	10,720,049	9,527,154	12,411,380	9,087,205
Public safety	39,354,251	40,200,861	41,363,417	42,045,095	45,416,863	48,954,353	49,642,527	59,161,463	58,004,661	64,218,989
Physical environment	6,638,368	54,331	-	-	-	-	-	-	-	-
Transportation	5,992,118	14,472,294	15,052,977	12,923,158	11,006,887	10,092,881	9,732,871	13,029,576	16,080,167	11,606,949
Natural and economic environment	3,831,392	6,798,451	7,197,542	7,477,652	8,206,985	7,367,531	7,774,777	9,303,293	8,994,463	10,128,889
Social services	77,562	238,327	-	154,472	154,308	190,909	187,762	299,812	1,217,330	1,191,925
Cultural and recreation	13,573,330	13,008,471	13,170,826	13,338,061	15,212,783	14,663,124	16,214,573	17,250,349	17,680,458	17,660,008
Debt service:										
Principal	1,721,544	1,375,686	1,386,839	1,396,604	1,801,382	1,786,400	2,096,674	1,897,216	2,004,442	2,670,486
Interest and other charges	637,312	553,657	545,172	544,850	956,459	868,158	804,221	750,400	688,384	716,921
Capital outlay	9,469,488	13,663,061	16,346,125	26,366,311	8,045,683	12,568,539	32,072,541	15,313,266	13,618,912	15,868,597
Total expenditures	96,209,216	102,781,951	108,341,840	119,611,106	99,979,191	107,121,308	129,245,995	126,532,529	130,700,197	133,149,969
Excess (deficiency) of revenues over (under) expenditures	10,275,056	13,783,889	12,109,530	3,564,175	16,446,196	16,592,854	11,407,463	15,299,984	9,008,650	31,299,846
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	-	-	-	-	367,613	2,599,876	-	-	128,809	1,975,401
Transfers in	3,497,509	2,202,093	1,662,223	2,534,966	1,994,425	2,835,136	3,049,876	1,726,448	6,761,866	1,931,489
Transfers out	(6,756,819)	(6,693,764)	(4,542,647)	(4,431,062)	(4,127,502)	(4,622,830)	(5,476,351)	(5,255,594)	(3,038,244)	(6,555,677)
Total other financing sources and (uses)	(2,750,486)	(4,491,671)	(1,870,088)	1,639,322	9,056,025	812,182	(2,426,475)	(3,529,146)	3,852,431	(2,648,787)
Prior period adjustments	326,483	-	-	-	-	-	6,498,603	26,795,980	-	-
Net change in fund balances	\$ 7,524,570	\$ 9,292,218	\$ 10,239,442	\$ 5,203,497	\$ 25,502,221	\$ 17,405,036	\$ 15,479,591	\$ 38,566,818	\$ 12,861,081	\$ 28,651,059
Debt service as a % of non-capital expenditures	2.7%	2.2%	2.1%	2.1%	3.0%	2.8%	3.0%	2.4%	2.3%	2.9%

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

Note: Investment income was comingled with miscellaneous revenues until 2017 when it became 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
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
2020	27,313,407	24,837,229	10,424,918	16,836,762	16,349,298	3,879,033	818,693	100,459,340
2021	28,236,188	28,944,760	14,922,654	19,574,468	19,700,879	5,850,490	678,473	117,907,912
Change								
2012-2021	44.56%	55.44%	107.16%	64.06%	39.28%	154.77%	-15.87%	58.19%

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
2012	7,926,656,654	400,634,706	8,327,291,360	2.34813
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	2.52381
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
2020	13,272,777,935	493,643,514	13,766,421,449	2.01160
2021	14,400,053,991	510,004,846	14,910,058,837	1.89213

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 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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Direct Levy										
Nonvoted										
General fund	\$ 1.58776	\$ 1.60885	\$ 1.61634	\$ 1.59702	\$ 1.56102	\$ 1.48812	\$ 1.38135	\$ 1.25279	\$ 1.15307	\$ 1.08766
Fire pension	0.22500	0.22500	0.22499	0.22499	0.22499	0.21418	0.22500	0.20480	0.18733	0.17670
Whatcom RDA LIFT	0.00302	0.00293	0.00384	0.00414	0.00399	0.00517	0.00510	0.00458	0.00468	0.00421
Total nonvoted	1.81578	1.83678	1.84518	1.82615	1.78999	1.70747	1.61144	1.46216	1.34509	1.26857
Voted										
Greenways	0.53235	0.53942	0.53949	0.53101	0.51694	0.50000	0.46234	0.41686	0.37596	0.35461
Affordable housing	-	0.35934	0.35071	0.33780	0.32252	0.31634	0.27723	0.32821	0.29056	0.26895
Voted excess levies	-	-	-	-	-	-	-	-	-	-
Total voted	0.53235	0.89876	0.89020	0.86881	0.83946	0.81634	0.73957	0.74507	0.66652	0.62356
Total City	<u>\$ 2.34813</u>	<u>\$ 2.73554</u>	<u>\$ 2.73538</u>	<u>\$ 2.69496</u>	<u>\$ 2.62945</u>	<u>\$ 2.52381</u>	<u>\$ 2.35101</u>	<u>\$ 2.20724</u>	<u>\$ 2.01160</u>	<u>\$ 1.89213</u>
Overlapping districts levy										
State schools	\$ 2.50814	\$ 2.67073	\$ 2.61643	\$ 2.48364	\$ 2.30668	\$ 2.23350	\$ 3.20040	\$ 2.76358	\$ 3.06880	\$ 3.07081
County levy	1.13438	1.15453	1.16469	1.15423	1.12775	1.08190	1.04144	0.94634	0.87284	0.82217
Conservation futures	0.04205	0.04279	0.04313	0.04274	0.04176	0.04003	0.03853	0.03501	0.03229	0.03042
Flood control	0.13512	0.13755	0.13883	0.13760	0.13444	0.12902	0.16593	0.15083	0.13909	0.13100
Port of Bellingham	0.28899	0.28610	0.28871	0.28776	0.27644	0.26461	0.25044	0.22757	0.20990	0.19762
Bellingham School District	3.60646	3.87995	4.48506	4.48220	4.40084	4.80975	4.55180	3.57140	3.61394	3.47751
Total overlapping districts	<u>\$ 7.71514</u>	<u>\$ 8.17165</u>	<u>\$ 8.73685</u>	<u>\$ 8.58817</u>	<u>\$ 8.28790</u>	<u>\$ 8.56303</u>	<u>\$ 9.24853</u>	<u>\$ 7.69473</u>	<u>\$ 7.93687</u>	<u>\$ 7.72952</u>
Combined City and overlapping districts levies	<u>\$ 10.06327</u>	<u>\$ 10.66763</u>	<u>\$ 11.23842</u>	<u>\$ 11.28313</u>	<u>\$ 10.91735</u>	<u>\$ 11.08684</u>	<u>\$ 11.59955</u>	<u>\$ 9.90197</u>	<u>\$ 9.94847</u>	<u>\$ 9.62165</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 2021 levy rate for Meridian is 3.68183.

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

	2021			2012		
Taxpayer	Taxable assessed value	Rank	Percentage of total assessed value	Taxable assessed value	Rank	Percentage of total assessed value
Puget Sound Energy	\$ 176,785,018	1	1.19%	\$ 104,737,868	1	1.26%
Bellis Fair Partners	55,728,783	2	0.37%	41,559,537	2	0.50%
SSC Bellingham Apartments LLC	55,538,123	3	0.37%	-	-	0.00%
PKII Sunset Square LLC	50,535,791	4	0.34%	34,260,531	3	0.41%
Belleau Woods LLC	33,827,883	5	0.23%	-	-	0.00%
CEP III - Barkley 17 LLC	33,774,988	6	0.23%	-	-	0.00%
Costco Wholesale Corp	32,327,022	7	0.22%	-	-	0.00%
Cohanim Bellwether LLC	31,926,924	8	0.21%	-	-	0.00%
Bellingham Cold Storage Co	27,914,499	9	0.19%	-	-	0.00%
Sisters of St Joseph of Peace Health	25,101,783	10	0.17%	18,559,912	7	0.22%
Talbot Real Estate	-	-	0.00%	22,161,076	4	0.27%
Qwest Corporation	-	-	0.00%	19,936,524	5	0.24%
Cascade Natural Gas	-	-	0.00%	19,105,081	6	0.23%
Madrona Medical / St Joseph Hospital / 4545 Cordata	-	-	0.00%	17,573,030	8	0.21%
Fred Meyer	-	-	0.00%	16,321,043	9	0.20%
Metropolitan Life Insurance	-	-	0.00%	16,315,532	10	0.20%
Total top ten principal taxpayers	523,460,814		3.51%	310,530,134		3.73%
Total all taxpayers	\$ 14,910,058,837		100.00%	\$ 8,327,291,360		100.00%

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

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

Fiscal year	Taxes levied for the fiscal year	Amount collected in the 1st year	Percent collected in the 1st year	Cumulative Levy adjustments	Amount collected in subsequent years	Total amount collected	Total percent collected	Tax levy balance due
2012	19,553,465	19,253,132	98.464%	2,538	302,870	19,556,002	100.000%	1.69
2013	22,841,687	22,549,616	98.721%	29,014	321,082	22,870,698	100.000%	2.24
2014	23,403,537	23,111,156	98.751%	13,112	305,187	23,416,343	99.999%	306.01
2015	23,940,035	23,702,605	99.008%	(14,497)	222,631	23,925,236	99.999%	301.85
2016	24,464,096	24,199,918	98.920%	(73,117)	190,760	24,390,678	99.999%	300.98
2017	24,792,922	24,552,738	99.031%	(37,116)	201,986	24,754,724	99.996%	1,081.52
2018	25,449,308	25,229,914	99.138%	(36,522)	180,484	25,410,398	99.991%	2,388.45
2019	26,908,779	26,697,530	99.215%	(22,641)	154,292	26,851,822	99.872%	34,316.60
2020	27,702,447	27,398,507	98.903%	(34,732)	197,000	27,595,507	99.739%	72,207.27
2021	28,221,360	28,003,672	99.229%	(13,501)	-	28,003,672	99.276%	204,187.52

Source: Whatcom County Treasurer's Office.

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

Fiscal year	Governmental activities				Business-type activities				Primary government		
	General obligation bonds	Special assessment bonds	Notes payable	Government loans payable	Revenue bonds (net)*	General obligation bonds (net)	Notes payable	Government loans payable	Total primary government	Percentage of personal income**	Per capita**
2012	22,478,634	45,986	128,920	1,929,349	60,091,269	6,505,921	2,700,000	1,022,833	94,902,912	2.95%	1,166
2013	21,424,160	-	119,689	1,722,894	74,537,514	6,181,280	2,700,000	959,904	107,645,441	3.25%	1,308
2014	19,812,874	-	109,790	2,383,462	72,382,472	6,155,606	2,700,000	861,850	104,406,054	3.04%	1,261
2015	18,640,526	-	99,176	5,759,398	70,346,772	5,668,278	-	4,987,356	105,501,506	2.97%	1,262
2016	27,992,153	-	87,794	5,267,591	67,967,896	5,182,941	-	5,619,716	112,118,091	2.97%	1,317
2017	26,553,534	-	75,591	4,726,589	65,548,444	4,667,770	-	10,376,177	111,948,105	2.73%	1,257
2018	24,824,916	-	62,503	4,166,195	63,053,992	4,148,048	-	15,345,888	111,601,542	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	3.78%	1,165
2020	24,761,284	-	-	3,053,428	61,784,784	-	-	14,715,212	104,314,708	3.52%	1,140
2021	42,231,739	-	-	2,496,135	57,964,395	-	-	13,250,967	115,943,236	-	~1,267

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

Notes: ** See Schedule 15 for per capita personal income and population data. 2021 per capita information is not available at the time of this report, ~1,267 estimate provided.

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
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
2020	24,761,284	4,237,306	20,523,978	0.15%	222
2021	42,231,739	4,696,185	37,535,554	0.25%	410

Source: City of Bellingham, limitation of indebtedness schedule, and US Census Bureau.

City of Bellingham
Schedule 12
Direct and Overlapping Governmental Activities Debt
As of December 31, 2021

Governmental unit	Debt outstanding	Estimated percentage applicable	Estimated share of direct and overlapping debt
Overlapping debt:			
Bellingham School District #501	\$ 277,375,000	78.96%	\$ 219,026,876
Port of Bellingham	3,060,000	38.75%	1,185,805
Meridian School District #505	10,720,000	22.96%	2,461,131
Whatcom County	1,550,000	38.75%	600,653
Ferndale School District #502	96,565,000	0.37%	<u>353,126</u>
Total overlapping debt			223,627,590
City of Bellingham direct debt		100.00%	<u>44,727,874</u>
Total direct and overlapping debt			<u>\$ 268,355,464</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 2021

Total assessed value	\$ 16,724,290,897
Debt limit:	
Non-voted debt limit (1.5% of assessed value)	250,864,363
Voted debt limit (1.0% of assessed value)	<u>167,242,909</u>
Total debt limit	<u>418,107,272</u>
Debt applicable to limit:	
Governmental activities - general obligation bonds	42,231,739
Business-type activities - general obligation bonds	<u>-</u>
Total debt applicable to limit	<u>42,231,739</u>
Legal debt margin	<u>\$ 375,875,533</u>

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total assessed valuation	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	14,910,058,837	16,724,290,897
Legal debt limit	208,715,702	213,851,168	222,029,691	232,543,446	246,721,872	270,531,267	304,683,266	344,160,536	372,751,471	418,107,272
Outstanding indebtedness	27,726,428	25,792,232	24,353,046	24,308,804	33,175,094	31,221,304	28,972,964	26,934,624	24,761,284	42,231,739
Legal debt margin	<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>	<u>347,990,187</u>	<u>375,875,533</u>
% of legal debt limit exhausted	13.3%	12.1%	11.0%	10.5%	13.4%	11.5%	11.5%	9.5%	6.6%	10.1%

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	Water-Sewer revenue bonds						Special assessment (LID) bonds		
	Operating revenue	Operating expense	Nonoperating income(expense)	Net available revenue	Principal & interest payments	Debt service coverage ratio	Collections	Principal & interest payments	Debt service coverage ratio
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	-	-	-
2020	53,665,805	26,014,286	(3,013,923)	24,637,596	3,912,621	6.30	-	-	-
2021	58,418,653	24,046,870	(2,471,200)	31,900,583	2,780,270	11.47	-	-	-

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	Total households	Median household income	Per capita income	Average family size	Graduated high school	Graduated with a Bachelor's degree	Unemployment rate
2012	\$ 81,360	\$ 33,805	\$ 40,844	\$ 40,396	2.88	92.3%	***	8.1%
2013	82,310	33,625	40,648	40,260	2.89	92.5%	***	7.4%
2014	82,810	33,847	42,440	41,456	2.89	92.6%	***	6.6%
2015	83,580	33,764	43,536	42,511	2.91	92.7%	***	6.0%
2016	85,146	34,096	44,441	44,273	2.95	92.7%	***	5.8%
2017	89,044	35,296	47,886	46,028	2.87	93.6%	43.0%	5.0%
2018	90,665	35,694	50,844	29,030	2.31	93.8%	44.1%	4.8%
2019	92,314	36,864	53,396	30,791	2.28	94.5%	44.3%	5.2%
2020	91,482	38,680	56,198	32,419	2.23	94.2%	45.4%	9.3%
2021	***	***	***	***	***	***	***	6.0%

*** 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	2021			2012		
	Employees	Rank	Percentage of total employment	Employees	Rank	Percentage of total employment
St. Joseph Hospital	3,116	1	2.79%	2,753	1	2.85%
Lummi Nation	2,083	2	1.87%			
Western Washington University	2,060	3	1.84%	1,575	2	1.63%
Bellingham Public Schools	1,423	4	1.27%	1,200	3	1.24%
BP Cherry Point	975	5	0.87%			
City of Bellingham	936	6	0.84%	807	5	0.84%
Whatcom County	918	7	0.82%	805	6	0.83%
Matrix Service	870	8	0.78%			
Ferndale School District	847	9	0.76%			
LTI, Inc.	557	10	0.50%			
Heath Techna, Inc.				850	4	0.88%
Haggen Inc.				787	7	0.82%
Fred Meyer				660	8	0.68%
Aramark Food Services (formerly Sodexo)				620	9	0.64%
Total employed by the top 10 employers	<u>13,785</u>		<u>12.34%</u>	<u>10,579</u>		<u>10.97%</u>
Total employment of Bellingham, WA (MSA)	<u>111,680</u>			<u>96,461</u>		

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	79.6	77.1	79.3	76.5	76.0	77.0	75.0	78.1	79.4	80.9
Supervisors & Professionals	97.0	96.0	100.5	102.0	105.8	107.1	107.1	118.5	118.5	120.6
Professional Librarians	6.7	7.0	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.6
Emergency Med Svcs Dispatch	13.0	13.0	13.0	13.0	13.0	13.0	15.0	15.0	15.0	15.0
Fire Supervisors	8.0	8.0	7.0	7.0	7.0	7.0	8.0	8.0	8.0	8.0
Firefighters	133.0	127.5	123.5	120.0	121.0	129.0	129.0	133.0	135.0	143.0
Police	102.0	101.0	103.0	105.0	106.0	108.0	110.0	112.0	114.0	113.0
Police Lieutenants	5.0	5.0	6.0	6.0	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	29.0	29.0	29.0	29.0
Non-Uniformed	<u>314.9</u>	<u>313.7</u>	<u>325.0</u>	<u>325.1</u>	<u>337.9</u>	<u>338.6</u>	<u>346.1</u>	<u>349.7</u>	<u>350.7</u>	<u>348.2</u>
Total regular workforce	794.2	783.3	799.8	797.1	815.2	828.2	841.7	865.8	872.1	880.3
Temporary labor	<u>60.2</u>	<u>62.5</u>	<u>62.0</u>	<u>68.0</u>	<u>66.0</u>	<u>63.2</u>	<u>63.2</u>	<u>62.3</u>	<u>62.3</u>	<u>61.4</u>
Total paid workforce	<u>854.4</u>	<u>845.8</u>	<u>861.8</u>	<u>865.1</u>	<u>881.2</u>	<u>891.4</u>	<u>904.9</u>	<u>928.1</u>	<u>934.4</u>	<u>941.7</u>

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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Community Development										
Low-income housing units created	8	6	11	150	61	85	135	40	4	70
Rental assistance to homeless families	18	18	26	31	32	30	28	42	148	78
First time home buyer assistance	8	4	11	12	10	11	2	8	4	12
Development Services										
Building permits issued	702	778	865	874	795	768	857	811	680	728
All permits issued	3,602	4,112	4,417	4,520	4,641	4,522	5,444	5,621	4,967	5,645
New lots created	79	22	99	81	40	149	64	171	104	255
Human Resources										
Turnover rate	4.44%	6.39%	7.63%	6.30%	5.84%	7.74%	9.27%	8.31%	5.89%	13.46%
Benefit cost as a % of base wage	38.22%	38.15%	38.64%	36.67%	37.76%	40.38%	39.54%	41.45%	43.10%	38.27%
Overtime cost as a % of base wage	2.43%	3.02%	3.86%	4.44%	4.22%	5.89%	5.77%	6.08%	4.85%	5.79%
Information Technology Services										
Ave. # of unique website visitors/month	53,991	59,447	64,528	72,583	51,500	57,193	68,071	83,211	71,428	76,154
Judicial Services										
Infractions filed	7,213	7,048	6,898	6,604	5,621	5,064	4,687	3,735	1,537	1,241
Misdemeanors filed	3,442	3,606	3,131	2,838	2,909	2,697	2,805	2,939	1,909	1,653
Parking citations filed	43,681	35,475	30,657	31,250	30,531	21,250	17,017	13,138	6,203	10,380
Hearings	23,918	19,404	18,638	14,884	13,671	13,622	13,915	14,401	9,420	6,080
Legal Services										
Criminal filings	3,442	3,631	2,972	2,682	2,744	2,463	2,543	2,679	1,879	1,543
Claims filed	48	35	52	59	60	52	53	29	46	26
Library										
Circulation per capita	20	20	20	19	18	18	19	20	12	15
Persons visiting	842,200	825,800	830,900	837,700	811,600	787,700	773,800	737,400	154,200	223,600
Museum										
Total attendance	72,400	73,800	73,100	71,900	71,907	73,257	62,478	64,100	16,200	21,700
Parks										
Park acreage	3,574	3,580	3,587	3,615	3,643	3,643	3,759	3,620	3,649	3,649
Trail miles	68	69	69	70	71	72	72	84	84	84
Greenway levy acres / easements	824	830	837	893	894	894	3,192	3,192	3,265	3,265
Public Safety Services										
Total dispatch incidents/CAD	124,480	134,300	140,200	143,900	151,000	133,233	153,000	171,900	155,600	155,000
Incidents per dispatcher	5,081	5,839	6,096	6,257	6,293	5,793	5,885	6,367	5,556	6,473
Reportable police calls	21,953	24,577	25,930	23,748	23,925	23,516	77,664	79,450	72,999	74,474
Fire incidents	10,105	11,030	11,301	11,784	16,036	18,063	18,793	21,655	17,170	20,367
Paramedic incidents	8,024	9,443	10,497	8,807	8,809	9,118	9,769	9,697	8,940	9,824
Transportation										
Feet of streets resurfaced	24,552	30,254	13,992	9,240	4,066	5,040	12,888	16,727	44,975	***
Miles of bicycle lanes and trails	48	49	52	58	62	67	73	167	160	149
Wastewater										
Millions of gallons wastewater/day	13	12	12	12	12	12	12	11	12	13
Feet of wastewater main added	5,586	27,192	2,265	11,095	5,711	5,832	7,530	9,430	3,451	8,112
Water										
Millions of gallons water treated/day	9	8	8	7	8	9	9	9	8	8
Feet of water main added	6,264	4,148	3,057	8,626	13,760	21,999	15,614	22,558	5,584	13,670
Watershed										
Cumulative acres acquired	1,759	1,788	1,893	1,893	1,979	1,987	2,004	2,209	2,355	3,242
Current year acquisitions	369	29	105	-	85	8	17	39	147	113

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	46	49	51	52	49	50	51	51	55	54
Police motorcycles	7	9	7	7	7	7	7	8	8	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	11	11	11	11
Command vehicle	1	1	1	1	1	1	1	1	1	1
Ambulances	13	13	13	12	11	12	11	11	11	11
Physical Environment										
Public Works										
Operations facility	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	413	414	416	417	420	423	425	427	429	431
Sewer mains (miles)	315	314	314	317	315	316	318	320	320	321
Storm mains (miles)	311	263	263	268	270	272	275	280	282	284
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	301	301	302	304	305	308	309	310	312
Sidewalks (miles)	291	291	296	298	301	302	306	312	315	319
Traffic signals maintained	203	205	205	219	219	219	224	224	244	257
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	52	52	70	71	91	91	92	94	95	95
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	14	24	24	26	26	26	26
Softball fields	4	4	6	8	10	10	10	10	10	10
Playgrounds	***	***	***	***	28	28	29	32	32	32
Multi-use fields	***	***	***	***	***	***	***	7	7	7
Off-leash dog area	***	***	***	***	***	***	***	8	8	8
Overwater dock/pier	1	1	1	1	3	3	4	4	4	4
Boat launch ramps	***	***	***	***	2	2	2	2	2	2
Skateboard park	1	1	1	1	4	4	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**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Water customers										
Single family (SF)	19,311	19,569	19,773	21,232	21,351	21,878	21,835	20,715	20,830	20,425
Multi-family & commercial	5,867	6,009	4,862	4,897	5,848	6,590	6,048	5,532	5,376	5,222
Water monthly rates										
Single family base rates										
Metered 5/8"	11.61	13.10	14.21	15.42	19.35	20.33	21.46	22.14	22.84	23.22
Metered 3/4"	15.97	18.02	19.55	21.21	26.62	27.97	29.52	30.45	31.42	31.94
Metered 1"	24.69	27.85	30.23	32.78	41.15	43.24	45.64	47.08	48.58	49.38
Metered 1 1/2"	46.51	52.47	56.94	61.76	77.52	81.44	85.98	88.69	91.51	93.02
Metered 2"	72.68	82.00	88.98	96.51	121.13	127.27	134.36	138.59	143.00	145.36
Metered 3"	142.49	160.76	174.44	189.21	237.48	249.52	263.41	271.70	280.36	284.98
Metered 4"	221.02	249.35	270.57	293.48	368.37	387.03	408.58	421.45	434.89	442.06
Metered 6"	439.16	495.45	537.62	583.14	731.93	769.02	811.83	837.39	864.09	878.33
Volume rate per 1 CCF	1.53	1.58	1.63	1.67	1.72	1.82	1.94	2.00	2.06	2.09
Non-single family base rates										
Metered 5/8"	19.51	21.00	21.75	22.39	25.56	28.32	30.86	31.83	32.84	33.38
Metered 3/4"	27.82	29.95	31.01	31.93	36.44	40.39	44.01	45.40	46.84	47.61
Metered 1"	44.45	44.45	49.55	51.01	58.22	64.53	70.32	72.53	74.84	76.07
Metered 1 1/2"	86.01	92.59	95.88	98.70	112.66	124.86	136.06	140.34	144.81	147.20
Metered 2"	135.89	146.28	151.49	155.94	178.00	197.27	214.97	221.74	228.81	232.58
Metered 3"	268.90	289.46	299.76	308.58	352.23	390.36	425.38	438.78	452.77	460.23
Metered 4"	418.54	450.54	466.57	480.30	548.24	607.59	662.10	682.95	704.72	716.33
Metered 6"	834.21	898.00	929.95	957.32	1,092.71	1,211.02	1,319.66	1,361.22	1,404.62	1,427.77
Metered 8"	1,333.00	2,240.24	1,485.99	1,529.71	1,746.06	1,935.11	2,108.70	2,175.10	2,244.46	2,281.45
Metered 10"	2,081.20	3,045.74	2,319.94	2,388.21	2,725.98	3,021.12	3,292.14	3,395.81	3,504.10	3,561.85
Metered 12"	n/a	n/a	3,154.11	3,246.93	3,706.15	4,107.41	4,475.88	4,616.83	4,764.06	4,842.57
Volume rate per 1 CCF	1.53	1.63	1.77	1.93	1.94	1.94	1.97	2.03	2.09	2.12
Irrigation vol. rate per 1 CCF	2.30	2.35	2.40	2.45	2.50	2.55	2.60	2.68	2.76	2.80
Wastewater customers										
Single family	19,311	19,569	19,784	20,465	21,131	21,804	21,541	19,433	19,526	19,651
Multi-family & commercial	5,867	6,009	4,860	4,865	4,978	5,394	5,465	5,036	5,048	5,064
Wastewater monthly rates										
Single family (rate class 1)	33.23	33.97	35.07	37.24	39.47	41.66	43.16	44.52	45.93	46.68
Non-single family										
Base rate (class 2-4)	33.23	33.97	35.07	37.24	39.47	41.66	43.16	44.52	45.93	46.68
Volume rate per 1 CCF > 16 CCF	3.49	4.09	4.66	4.99	5.43	5.80	6.07	6.26	6.45	6.55
Base rate (class 5 and up)	33.23	33.97	44.35	56.84	59.84	62.97	65.23	67.29	69.42	70.56
Volume rate per 1 CCF > 16 CCF	3.49	4.09	6.09	7.83	8.44	8.98	9.40	9.70	10.00	10.16
Stormwater monthly base rates										
Small footprint < 1k sq. ft.	4.20	5.08	5.39	5.71	6.05	6.42	6.58	6.79	7.00	7.12
Medium footprint 1k-2.99k sq. ft.	7.00	8.47	8.98	9.52	10.09	10.69	10.96	11.30	11.66	11.85
Large footprint > 3k sq. ft., per sq ft.	0.00466	0.00564	0.00598	0.00634	0.00672	0.00712	0.00730	0.00753	0.00777	0.00790
Watershed monthly rates										
Single family, base rate only	5.00	12.33	12.41	12.63	12.86	13.13	13.46	13.89	14.33	14.56
Non-single family & Irrigation										
Base rate	5.00	5.14	5.17	5.265	5.36	5.475	5.61	5.785	5.965	6.06
Volume rate per 1 CCF > 22 CCF	0.27	0.66	0.66	0.6761	0.682	0.6963	0.7137	0.7362	0.76	0.77

All rates shown are for inside city limits

1 CCF (100 cubic feet) = 748 gallons