

# **City of Bellingham**

# **Financial Report**

## **December 31, 2008**

Presented by:

**John Carter**

**Finance Director**

**March 9, 2008**

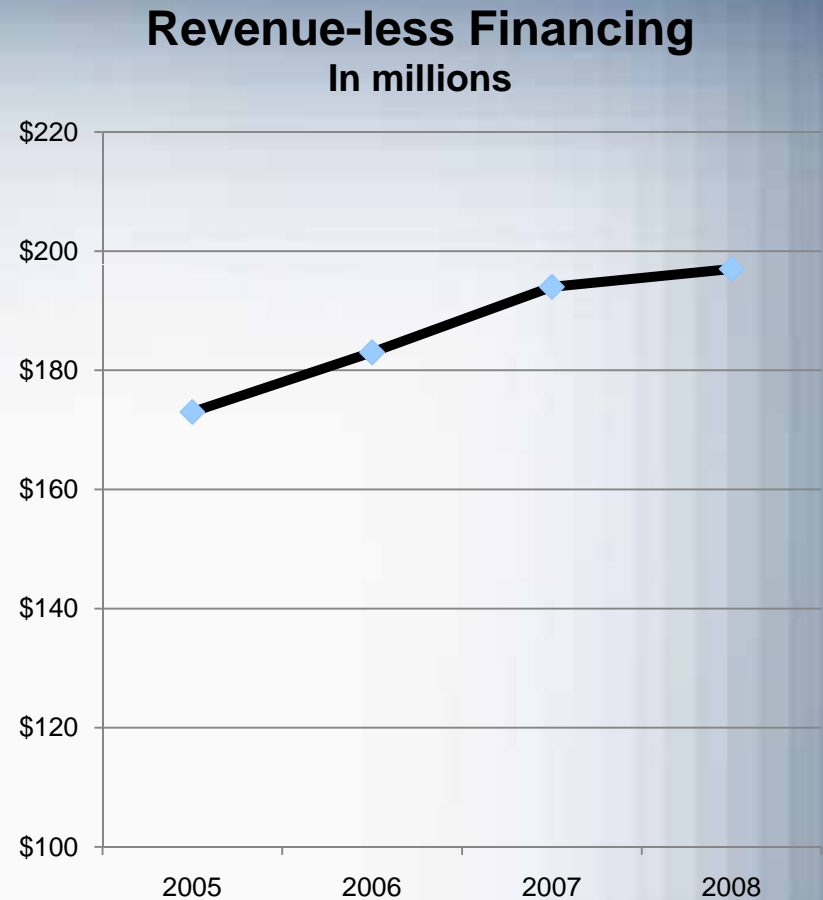


# Financial Report Outline

- **Summary of Financial Results**
- **Citywide – Revenues & Expenditures**
- **Overview of Specific Funds**
  - **General Fund**
  - **Development Services Fund**
  - **Public Facilities District**
  - **Public Works – Street & Utilities**
- **Investment & Debt Summary**
- **Prognosis for the future**

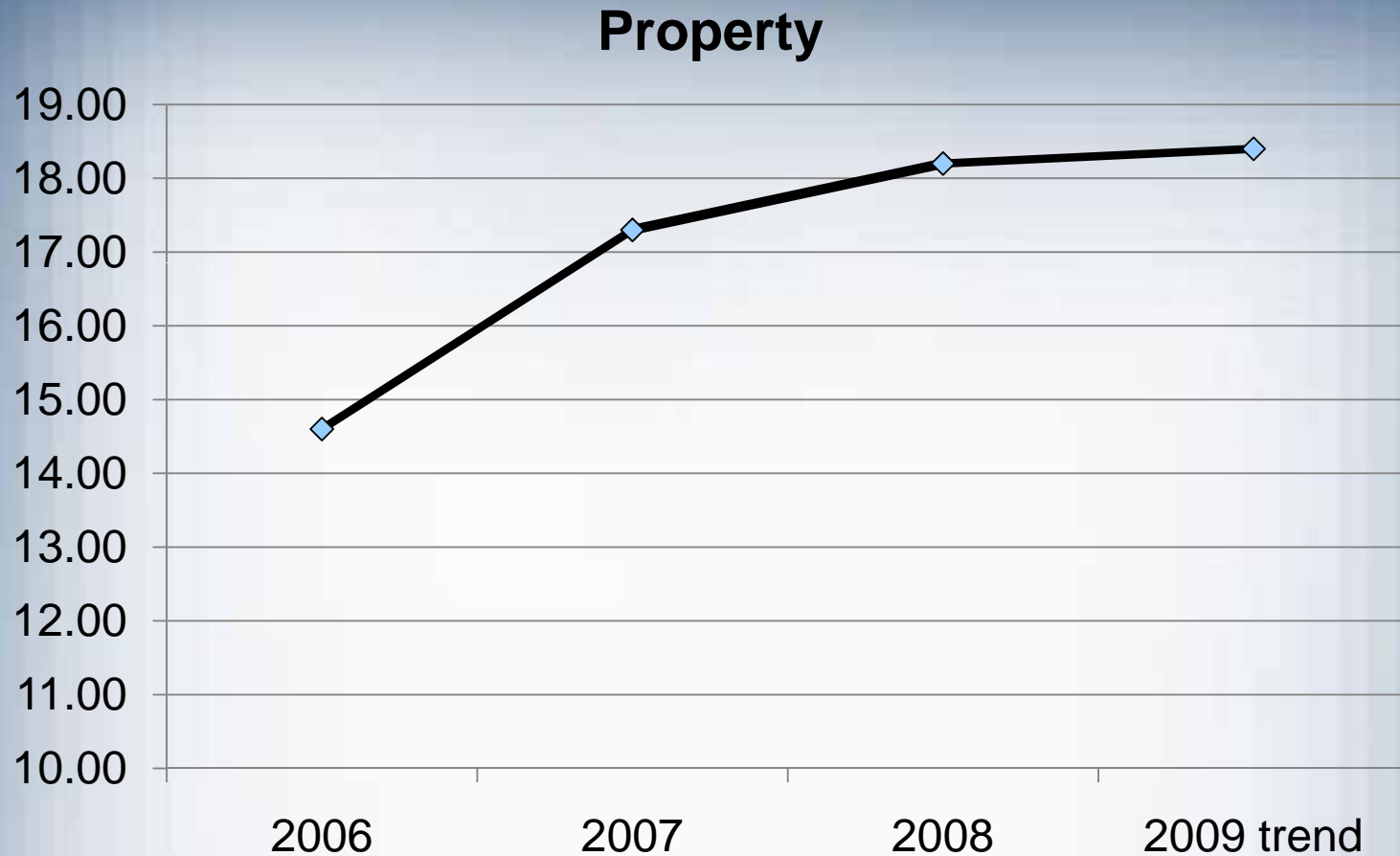
# Citywide - Revenues

- **Revenues totaled \$203.1 million**
  - **New Debt \$6 million**
  - **Utilities up 7%**
  - **Taxes down**
  - **Grants, Entitlements down**
  - **Interest, Rental income down**
- **Total only 87% of budget**



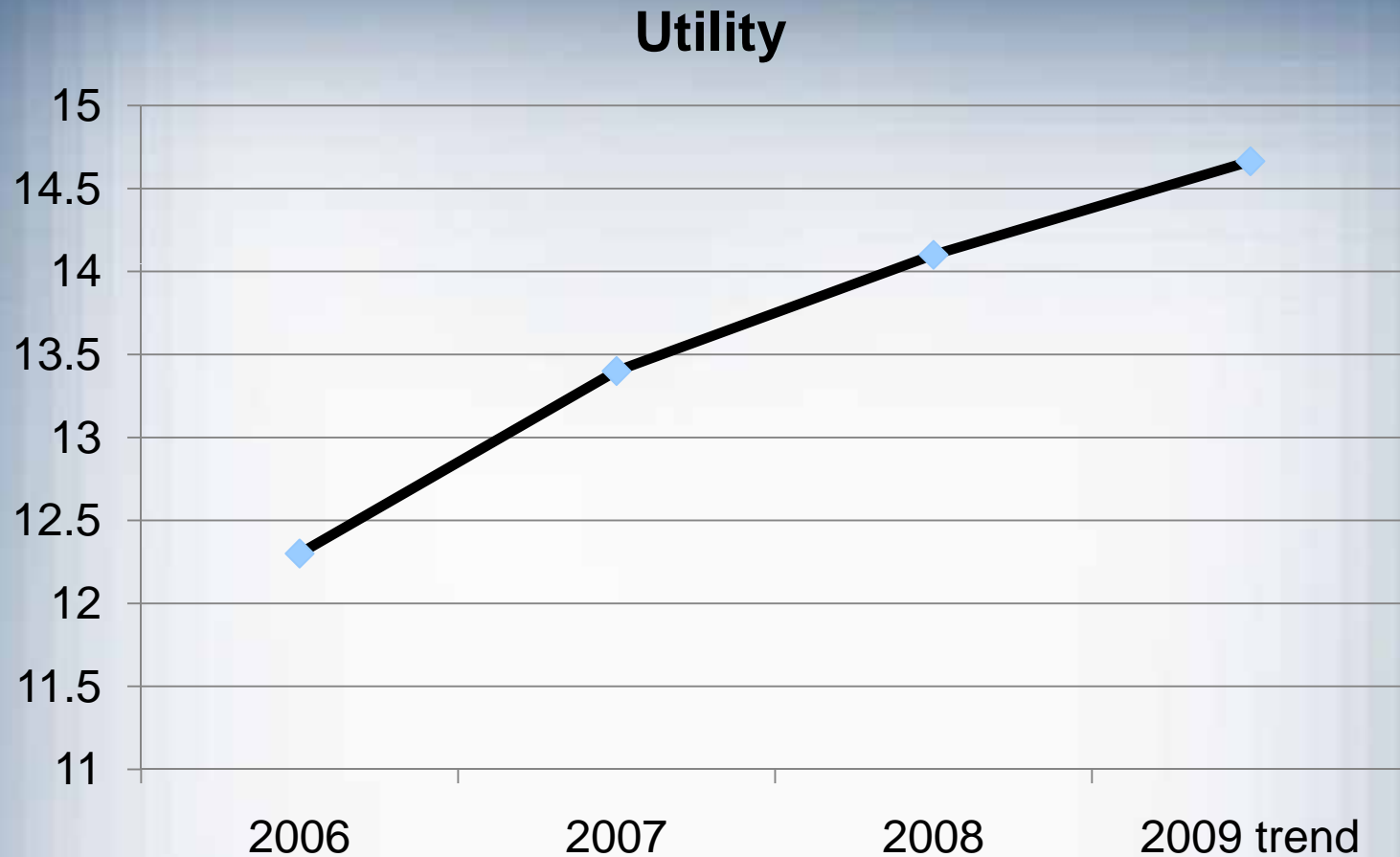
# Primary Tax Revenues

(in millions)



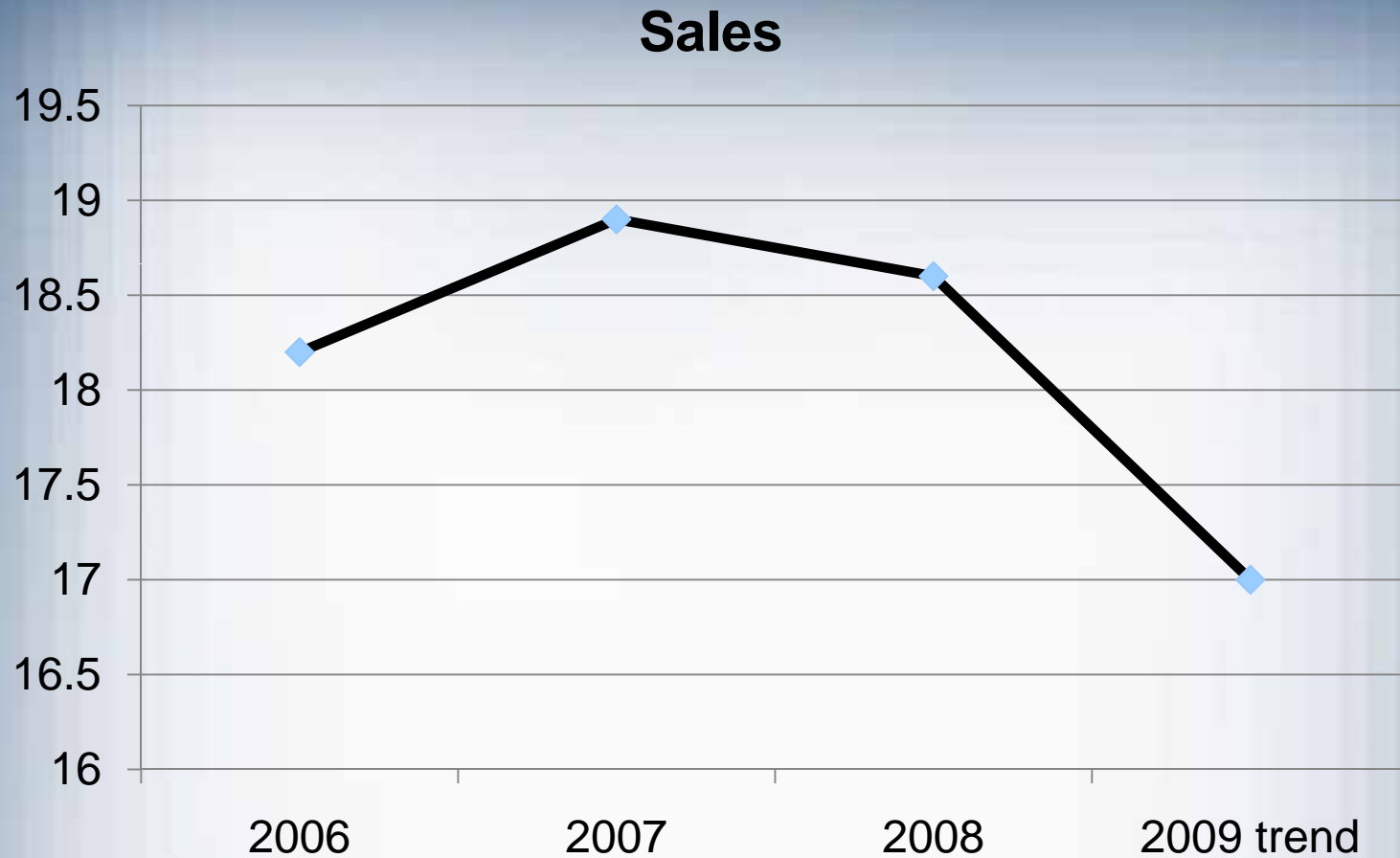
# Primary Tax Revenues

(in millions)



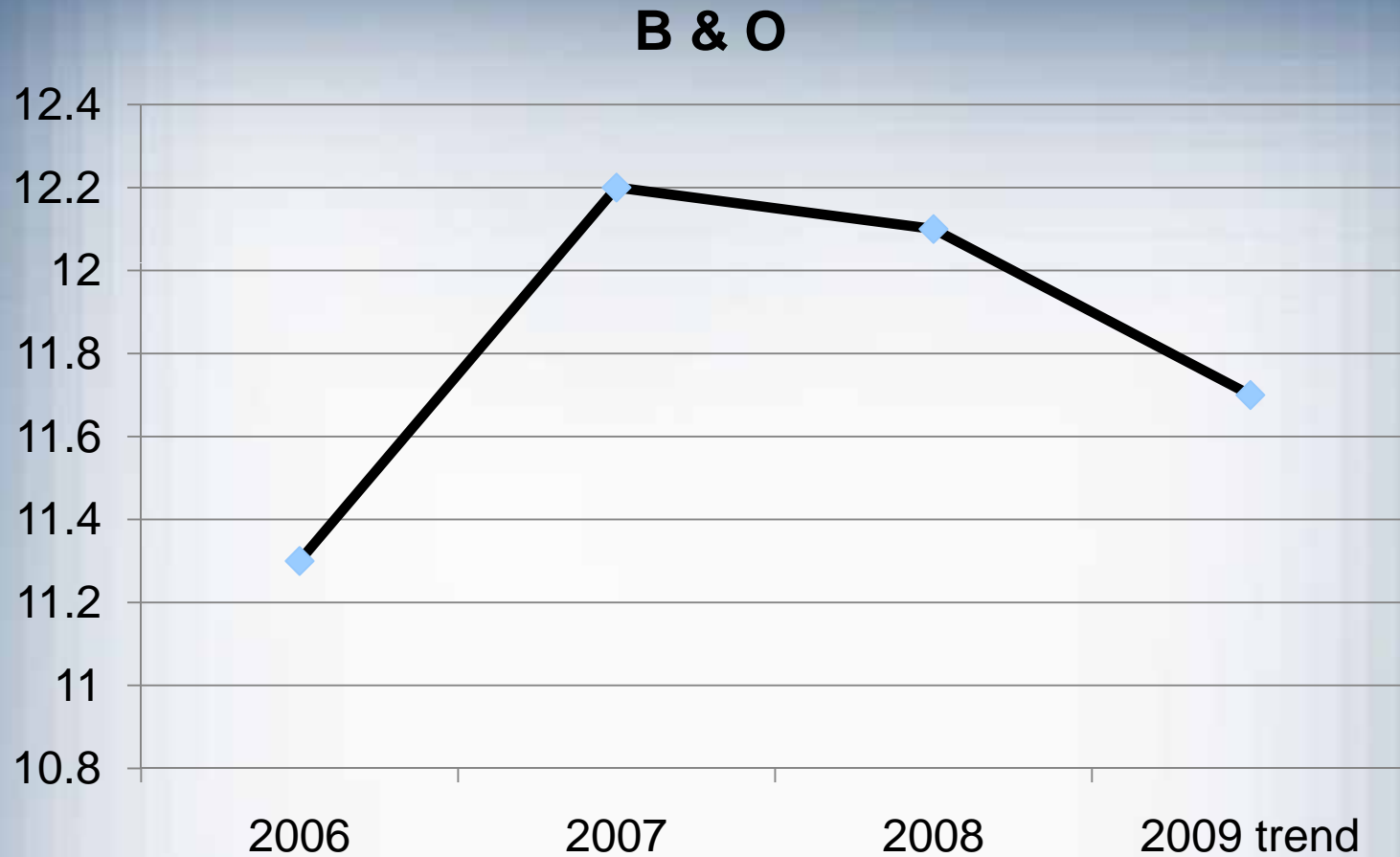
# Primary Tax Revenues

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# Primary Tax Revenues

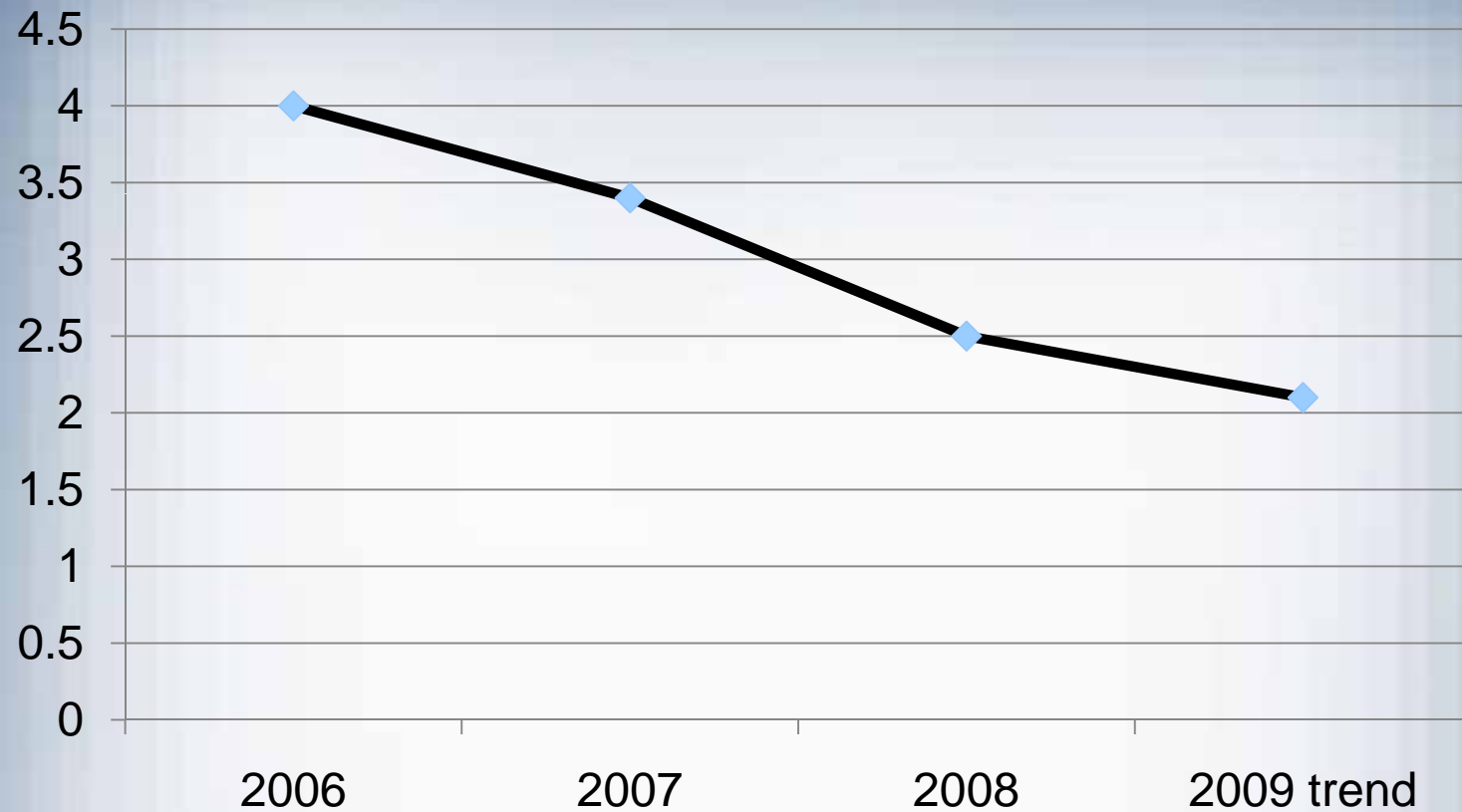
(in millions)



# Primary Tax Revenues

(in millions)

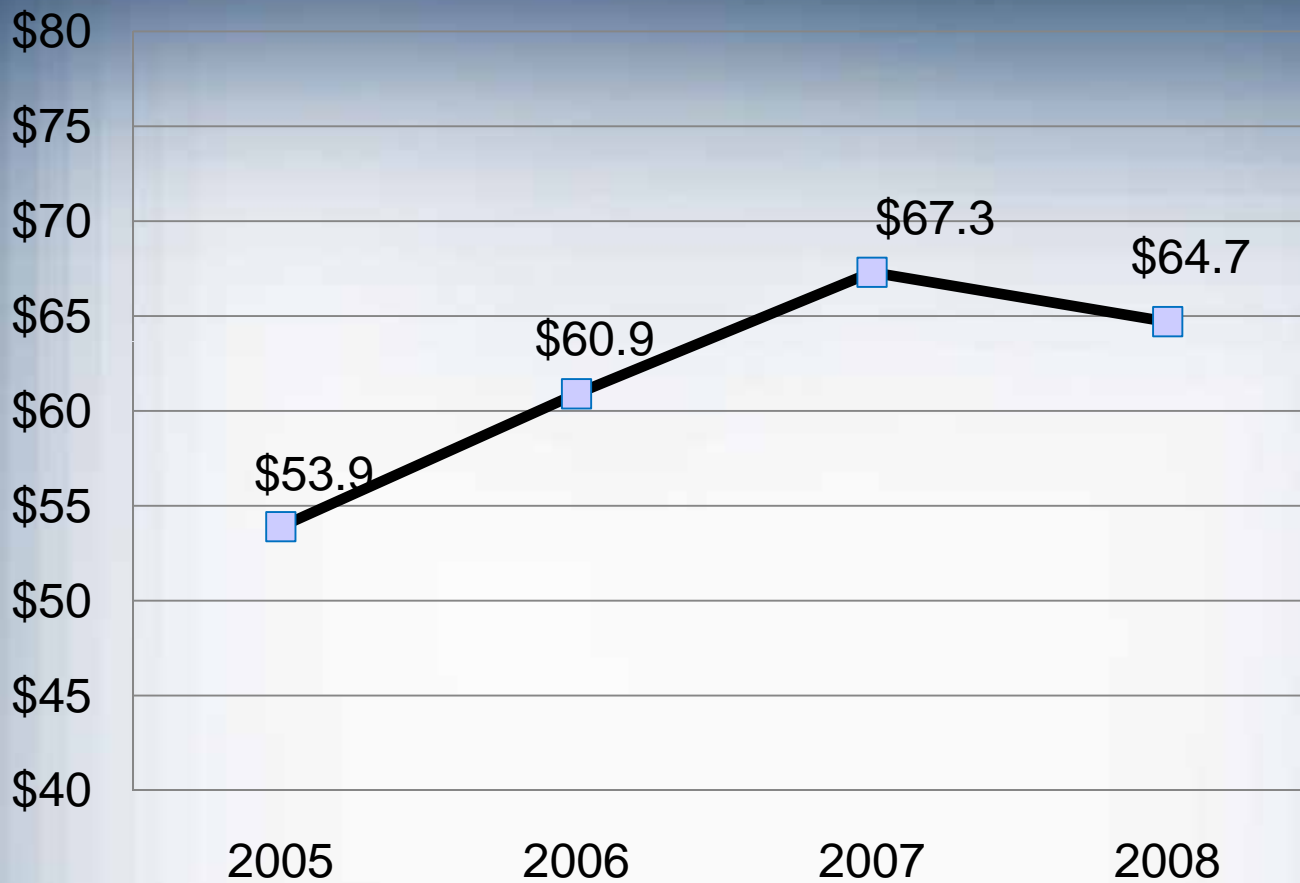
## Real Estate Excise Tax



# Citywide - Expenditures

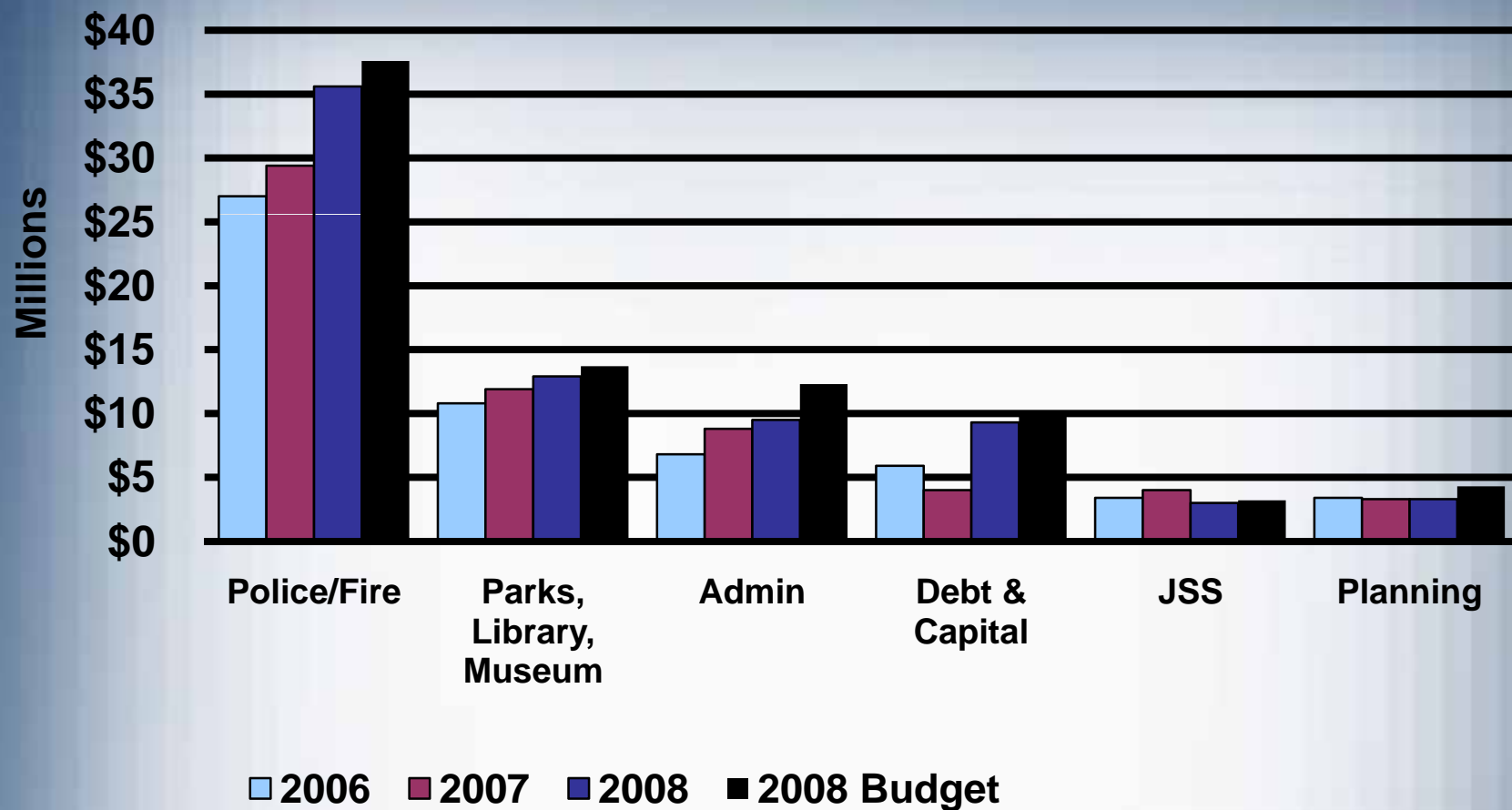
- **Expenditures totaled \$209.6 million**
  - **Operational expenses totaled \$148 million**
    - Up 11% from prior year
    - All Depts. below budget
  - **Capital Expenditures down**
    - Only 35% of budget
    - \$40.5 million spent, up from \$27 million
  - **Debt Service / Loans / Transfers totaled \$21.2 million**

# General Fund Revenues



**Revenues \$64.7 million- 97% of budget**  
**Expenses \$73.4 million- 90% of budget**

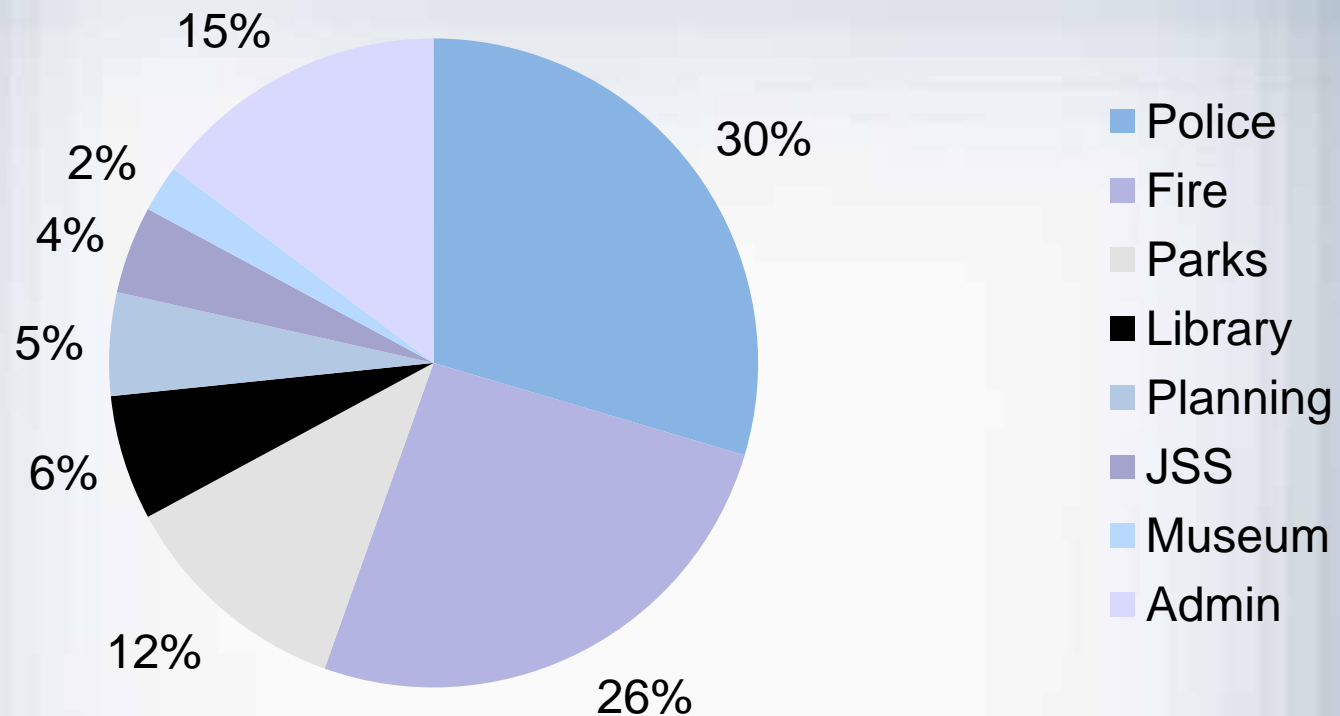
# General Fund Expenditures



# General Fund

## Operating Expenditures

2008 - \$64.2 million  
2007 - \$57.5 million

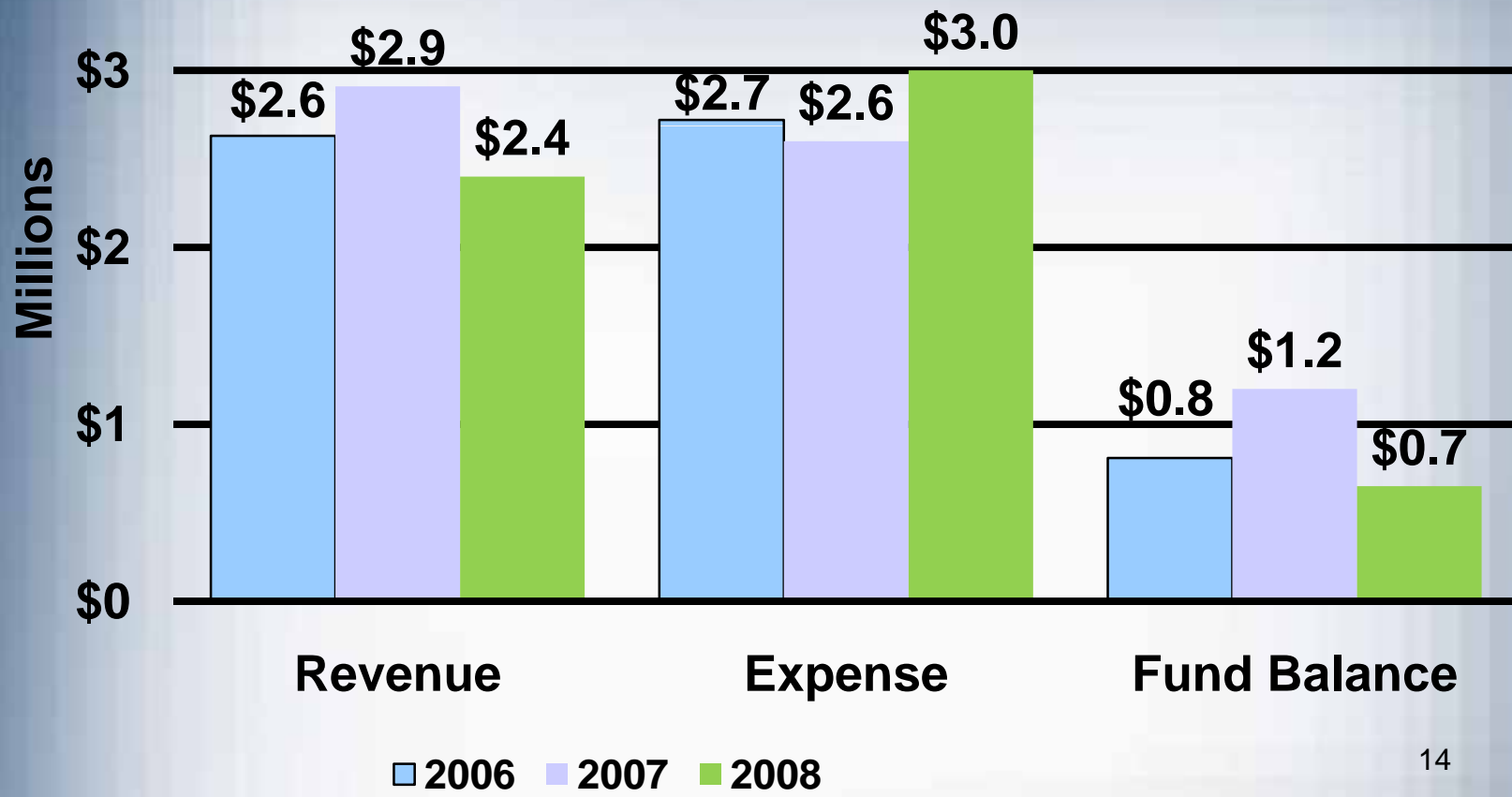


# General Fund Status

- **2008 Budget assumed using reserves**
- **Revenues only 97% of budget**
- **Budget reduced in fall**
- **Growth rate in Expenses exceed Revenues**

# Development Services Fund

## Revenue, Expense, & Fund Balance



# Public Facilities District

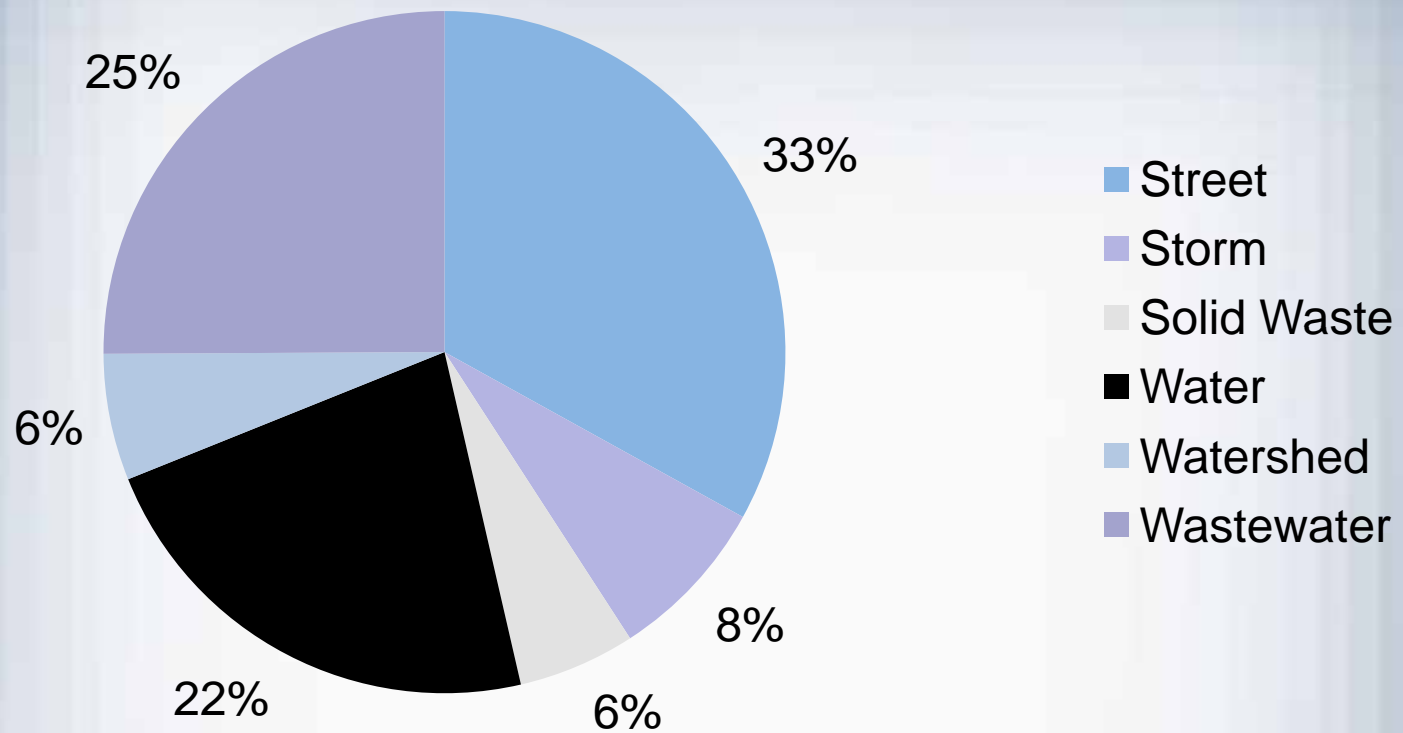
- **Sales Tax revenues 94% of budget**
- **Interest income higher than budget**
- **Grants / donations total \$1.8 million**
- **Total expenses \$13.8 million**
- **City loan for \$2.8 million in December**
- **Fund Balance - \$4.1 million**

# Public Works Funds

## Total Expenditures

2008 - \$66.6 million

2007 - \$61.6 million



# **Investment & Debt Summary**

**December 31, 2008**

# Citywide Cash & Investments

- Total invested \$142.7 million
- Investment makeup
  - Federal Agencies 74%
  - Municipal Bonds 6%
  - State Investment Pool 13%
  - Other Short-term 7%
- Interest earned \$6.6 million

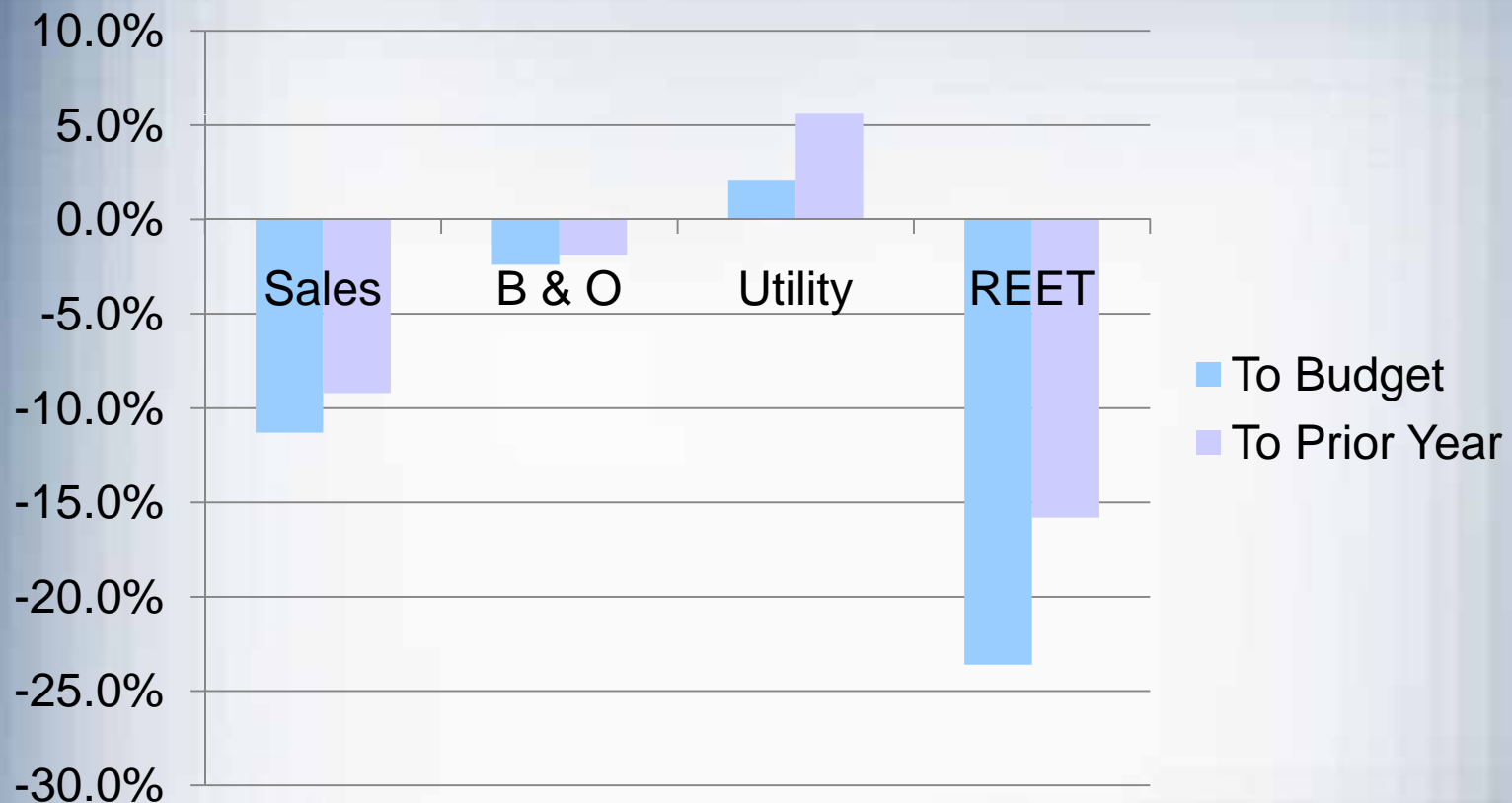
# Investment Yields - 12/31/2008

- **City Portfolio** **3.68%**
- **Comparable benchmarks:**
  - **2 yr U.S. Treasury** (3 yr rolling) **3.66%**
  - **State Investment Pool** **1.82%**
  - **Fed funds rate** **.50%**

# **2009 Budget Status**

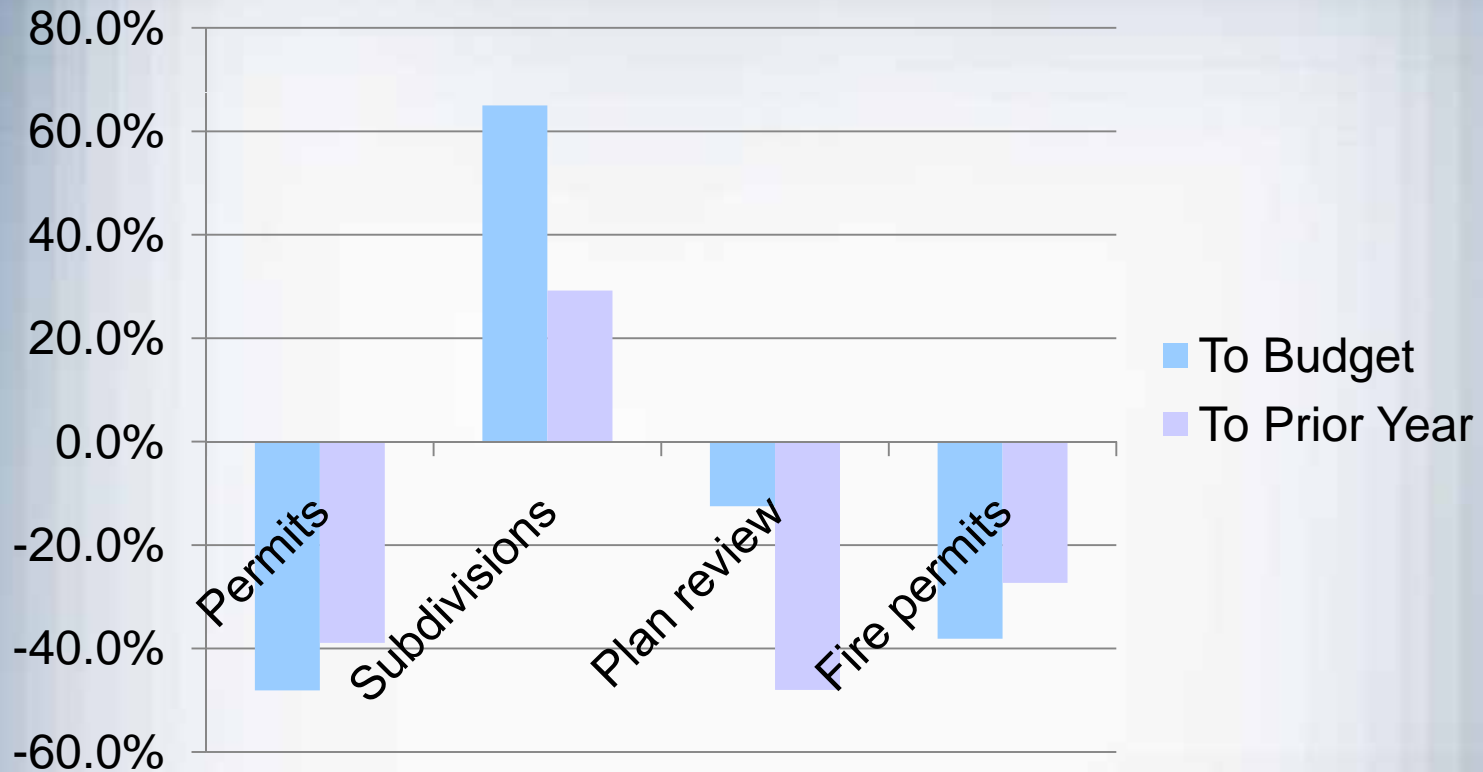
# General Fund - Revenue

Two month trend forecast indicates General Fund shortfall to budget of \$1.3 million



# Development Services - Revenue

Two month trend forecast indicates fund shortfall to budget of \$753 thousand



# 2009 Budget Actions

- **Development Services enacted reductions totaling \$700+ thousand**
- **Bringing forward budget reductions:**
  - **General fund \$1.8 million**
  - **REET projects \$265 thousand**
  - **Street fund \$405 thousand**

# **2009 Budget Actions**

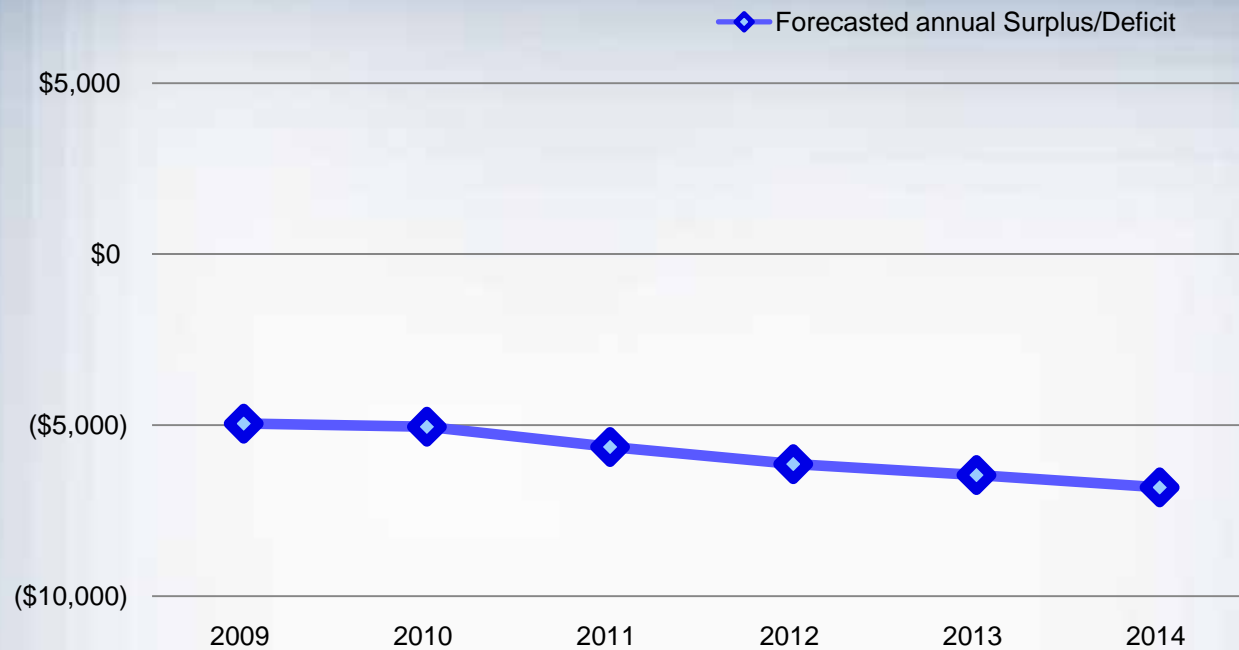
- **Reductions offset projected revenue shortfall**
- **Third reduction since August 2008**
- **2009 General fund deficit projected at \$5 million**
- **Budget ordinance to be brought to council on March 23<sup>rd</sup>.**

# 2010 Actions

- **FAST committee established.**
  - **Looking at long term impacts**
  - **Overall projections show long-term deficits**
    - **Total compensation outstrips Revenue growth**
    - **Addition of facilities and assets create higher maintenance costs**
    - **Legislation, Policies and Programs all impact costs**

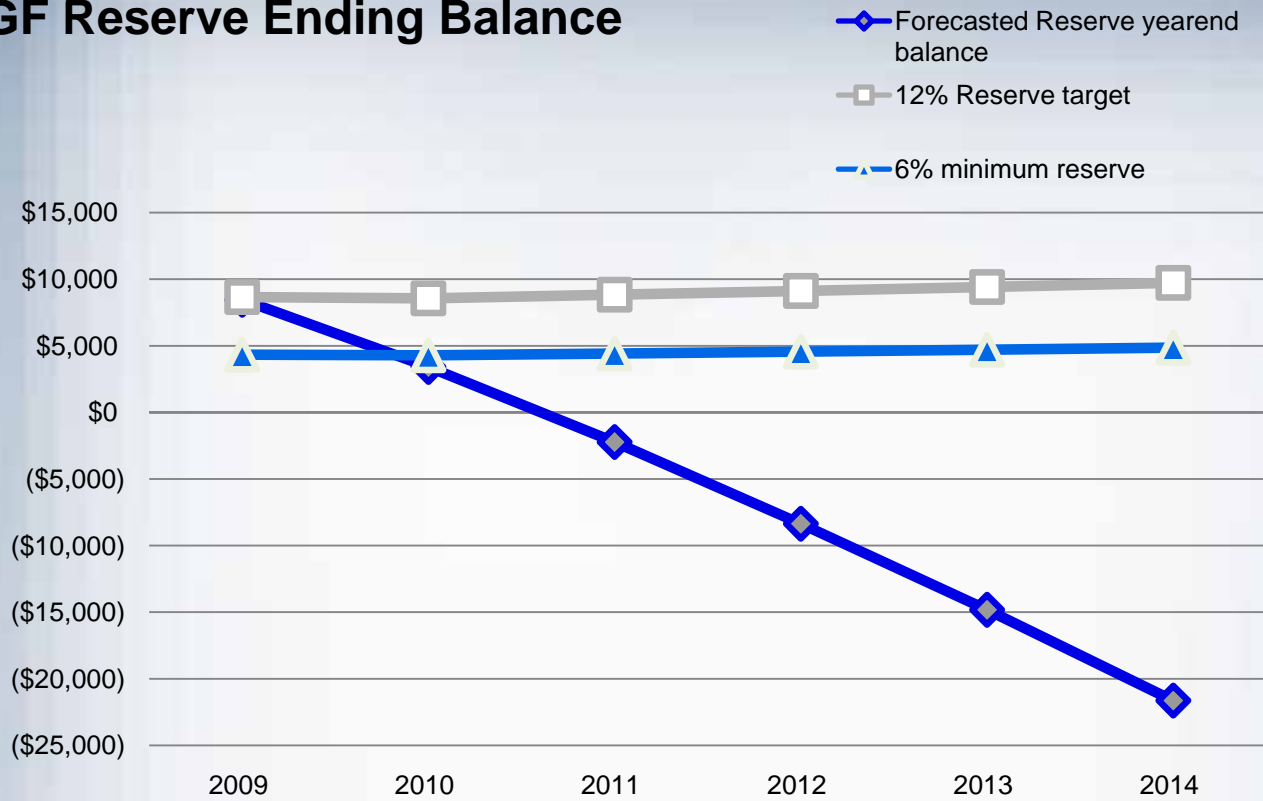
# Long Term Forecast (in millions)

## GF Surplus/Deficit



# Long Term Forecast (in millions)

## GF Reserve Ending Balance



# 2010 Action

- **Currently developing strategy for building the 2010 budget**
  - **Establish service priorities**
  - **Reviewing options**
  - **Considering proposals**
- **Goal: Find sustainable plan with adequate reserves**
- **Bring forward recommendations in late April.**