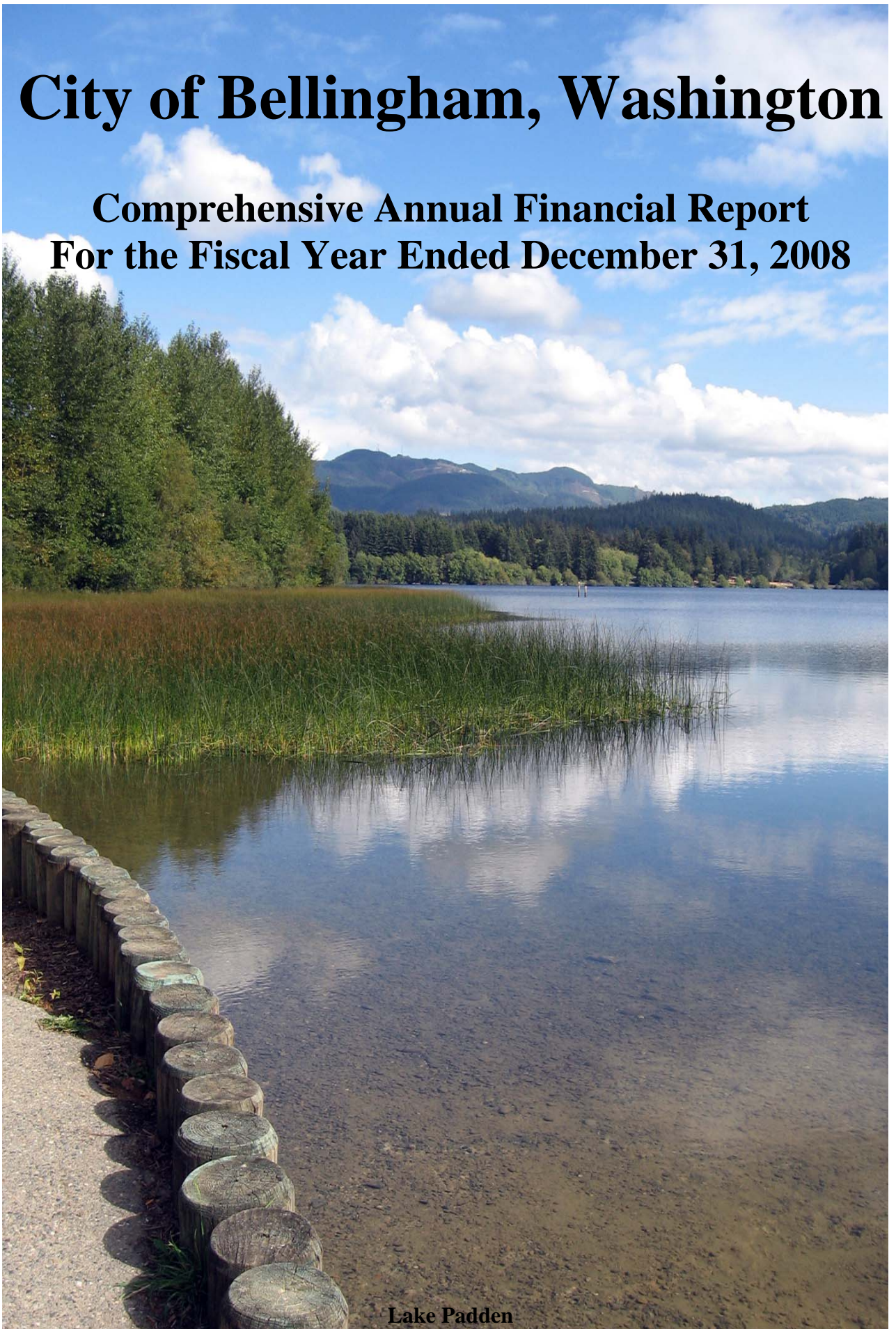


City of Bellingham, Washington

Comprehensive Annual Financial Report For the Fiscal Year Ended December 31, 2008



Lake Padden

City of Bellingham, Washington

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2008

Finance Director

John Carter

Accounting Manager

Kipp Drummond

kdrummond@cob.org

Accountants

Melanie Aliverti, CPA

Eden Alaniz

Daniel Heverling

Joel Heverling

Technicians

Terrie Pilkington

Vickie Fischer

For comments or questions, contact:
City of Bellingham, Finance Department
(360) 778-8000



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

June 26, 2009

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

I am pleased to submit the City of Bellingham's 2008 Comprehensive Annual Financial Report.

State law requires that cities with populations of 25,000 or more publish financial statements in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by the Washington State Auditor's Office under the Revised Code of Washington (RCW) 43.09.020. Pursuant to that requirement, we hereby issue the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2008.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and agencies of the City. All disclosures necessary to enable the reader to gain an understanding of Bellingham's financial activities have been included.

The CAFR includes all funds and agencies of the City. In addition, the CAFR reports on the City's discrete component units, the Bellingham Whatcom Public Facilities District (PFD) and the Bellingham Public Development Agency (PDA), separately from City activities in the government-wide statement of net assets and statement of activities and in the notes.

As an aid to the reader, the major sections of this report have been separated by divider pages. Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

GOVERNMENT PROFILE

Incorporated in 1904, Bellingham is the 12th largest of the 281 cities in the State of Washington with a population of 75,550. Located in the northwest corner of Washington State in Whatcom County, it is 54 miles south of Vancouver, British Columbia, and 88 miles north of Seattle on the Interstate 5 corridor. The City encompasses approximately 28 square miles and serves as the County Seat.

Bellingham is a first-class, charter city with a mayor-council form of government operating under the laws of the State of Washington. Bellingham has an elected mayor and seven-member City Council and municipal court judge.

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



Discrete Component Units

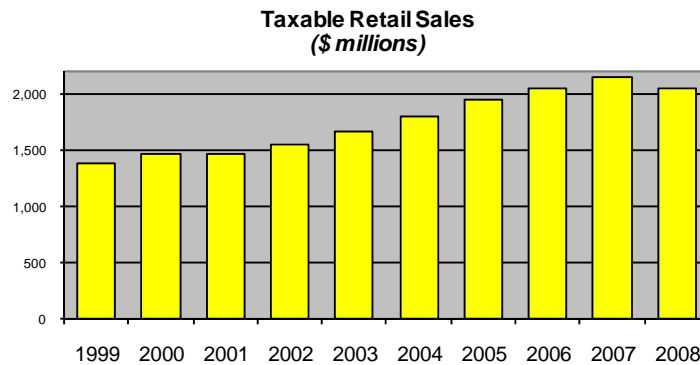
Bellingham has two discrete component units that are separate legal entities from the City with their own Boards of Directors.

The Bellingham-Whatcom Public Facilities District with the mission to create a regional center in the City that will enhance economic development in the business core, funded by a state rebate of .033% of locally collected sales tax.

The Bellingham Public Development Agency was established in 2008 to undertake, assist with, otherwise facilitate, and advocate for the redevelopment of the Bellingham waterfront, the downtown core, and the Old Town historic district and to undertake other such projects throughout the City as required. While the City will financially support the PDA in its initial stages the expectation is that the Agency will eventually become operationally self-supporting.

ECONOMIC CONDITION AND OUTLOOK

Over the past three decades, the economy of Bellingham and Whatcom County has transitioned from a resource-based to a retail and service-based economy. Older industries, such as agriculture, timber, and fishing have declined in importance. Until recently retail, services, and manufacturing activities have expanded at a steady pace. In the last year Bellingham has suffered the same economic downturns in real estate, construction, and financial services experienced both nationally and internationally.



Tourism, education, and health care 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. A study by the Washington State Department of Community, Trade, and Economic Development shows that visitors spent \$454 million in Whatcom County in 2007. This ranks fifth in visitor spending among the state’s 39 counties.

Western Washington University (the City’s second largest employer), Whatcom Community College and Bellingham Technical College host more than 29,000 students. St. Joseph Hospital, a 253-bed medical center and Level III Trauma Center serving Northwest Washington, is the City’s largest employer.

Bellingham’s 2008 population has increased 18% since 1999. The City’s annual per capita income of \$32,485 (2007 figure) has increased 43% since 1998.

Since the first signs of change in the growth rates, and subsequent real declines, in some of the City’s key revenue sources, sales tax and real estate excise tax, the City has been closely monitoring its revenues and costs. The Mayor, Chief Administrative Officer, Finance Director, and Department Heads are working to develop short, medium, and long term responses to this decline in fiscal resources.

Starting in mid-year 2008 City staff worked to reduce spending during the balance of the year. During the creation of the 2009 budget departments were directed to keep expenses at 2008 levels. In early 2009, an additional \$2.3 million dollars was cut from the 2009 budget. The City is currently planning to cut an additional five to six million dollars in expenses from the 2010 budget to compensate for these ongoing declines in revenues.

Bellingham/Whatcom County's 2008 unemployment rate, 5.0%, has increased in the last year and reflects the slowdown in the national and local economy. (The April 2009 unemployment rate was 8.6%.)

The value of projects for which the City issued residential and commercial building permits in 2008, \$139.3 million, is 30% less than the corresponding 2007 value due to a significant decline in both commercial and residential building projects.

In 2008 the City's taxable retail sales of \$2.04 billion decreased 5% from the prior year. This is the first decrease in more than a decade. Sales tax, the City's largest single revenue source, which had been increasing at an average of 6% for the last three years, experienced a decrease of 2% in 2008. Business & Occupation tax, a key source of general fund revenue, which had been increasing at an average of 10% for the last three years, experienced a decrease of 1% in 2008. These two key revenues have continued their downward trends into 2009. Utility and Property tax revenues increased 5% in 2008 although the increase was less than the average rate of increase in the previous three years.

MAJOR INITIATIVES

Waterfront Redevelopment / New Whatcom Special Development Area

In 2004, the Port of Bellingham acquired the Georgia-Pacific 140 acre waterfront site and agreed to conduct environmental cleanup of the property. The property includes sites for which the City has been named as a potentially liable party by the Washington State Department of Ecology. In 2005, the City paid \$3.7 million to the Port for its share of environmental clean up expenses.

During 2009, the City anticipates substantially completing a master plan and environmental impact statement for the New Whatcom Special Development area. The City will provide infrastructure to the property including utilities, streets, parks, and trails as determined in a development agreement to be 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. Full development is expected to be completed over the next 20+ years.

Downtown Redevelopment

Redevelopment of the downtown core is dynamic and a result of multiple efforts. The PFD is spearheading a Cultural Arts District. Private developers, with City assistance, are creating new and refurbishing existing structures. Strategic improvements include a permanent shelter for the local Farmer's Market and urban art sculpture. In 2007, the PFD issued a bond to pay for a major capital renovation of the historic Mount Baker Theatre and for the construction of a new Art and Children's Museum. The Mount Baker Theatre renovation was completed in 2008 and the Art and Children's Museum is scheduled to open in late 2009. In 2008, the City created the Bellingham Public Development Authority to support existing City businesses and support new business development throughout the City with a special emphasis on downtown and the waterfront.

Annexations

The City has completed two annexations in the last year. There are currently seven additional annexation proposals under consideration. Each City department has identified potential future operational and capital needs based on these pending annexations. The impact of each annexation or combination of annexations to the city will be determined by the following factors: current and future population, assessed valuation, current and future land use patterns, and capital infrastructure and equipment needed to provide city services to the area. Incremental cost increases to provide City services to these areas would likely be covered by increases in tax revenues. However, capital expenses such as road improvements, utility upgrades, parks, trails, fire equipment, etc. would most likely require additional funding sources.

Bond Issues

In 2008, the City issued utility revenue bonds totaling \$6,040,000 for the following:

- 2008 Water/Sewer Revenue Bond for \$6,040,000 to finance the acquisition of real property in the Lake Whatcom Watershed to preserve water quality and to pay the cost of other capital projects of the system.

The City's bond rating assigned by Moody's is Aa3 for voted general obligation debt and A1 for unvoted general obligation and revenue debt.

FINANCIAL MANAGEMENT AND CONTROLS***Internal 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.

Budgetary Controls

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 and at the departmental level for the general fund.

Cash Management

The City invests temporarily idle cash in investments authorized by State law including U.S. agency issues and the Washington State Local Government Investment Pool. The average yield on investments during 2008 was 4.23%, which produced earnings of \$6.7 million on all of the city's investments for the year. The City structures its investments to provide necessary liquidity and to minimize risk while achieving reasonable yields on its portfolio.

Risk Management

The City's maintains various insurance policies and self-insurance funds to protect itself from risk.

AWARDS AND ACKNOWLEDGEMENTS***Independent Audit***

State law requires an annual audit of all City financial records and transactions by the State Auditor, an independent elected State official. The 2008 audit of the City has been completed and was performed in conformance with generally accepted auditing standards. The financial statements of all City funds and agencies have been included in this audit. Please refer to the Auditor's Opinion letter at the beginning of the Financial Section of this report.

Awards

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bellingham for its 2007 Comprehensive Annual Financial Report. This was the eighth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an efficiently organized and clearly discernable comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Additionally, in 2008 the City has also received its fifth consecutive GFOA Distinguished Budget Presentation Award.

Acknowledgements

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

Respectfully submitted,



John Carter
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bellingham Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



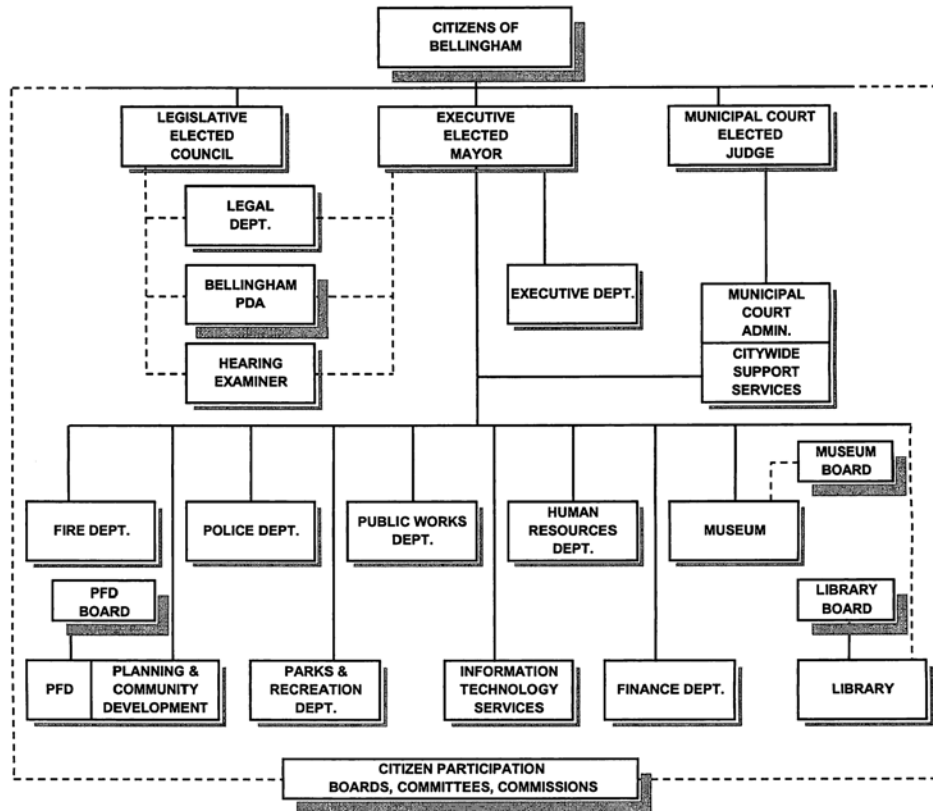
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



President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emery".

Executive Director

Organization Chart



-  A text box indicates a department or elected official within the City organization.
-  A divided box indicates dual function and responsibility within the same department.
-  A box with double-width shadow indicates an entity outside the City organization.
-  A dotted line indicates an indirect or advisory relationship.
-  A solid line indicates a formal and direct relationship.
- PDA Public Development Authority
- PFD Public Facilities District

This key applies to all organization charts throughout the Budget Document, which appear at the beginning of each Departmental section.

Elected Officials

Position	Name	Term	Expiration
Mayor	Dan Pike	4 years	December 31, 2011
Municipal Court Judge	Deborah Lev	4 years	December 31, 2009
Council Members			
1 st Ward	Jack Weiss	4 years	December 31, 2011
2 nd Ward	Gene Knutson	4 years	December 31, 2009
3 rd Ward	Barry Buchanan	4 years	December 31, 2011
4 th Ward	Stan Snapp	2 years	December 31, 2009
5 th Ward	Terry Bornemann	4 years	December 31, 2011
6 th Ward	Barbara Ryan	4 years	December 31, 2009
At Large	Louise Bjornson	2 years	December 31, 2009

Appointed Officials

Position	Name
Deputy Administrator	David Webster
Finance Director	John Carter
City Attorney	Joan Hoisington
Hearing Examiner	Dawn Sturwold
Museum Director	Patricia Leach
Library Director	Pam Kiesner
Co-Director of Human Resources (Jan-Oct)	Jane Weston
Co- Dir HR (Jan-Oct) Full Dir (Nov forward)	Michelle Barrett
Director of Information Systems	Marty Mulholland
Director of Judicial & Support Services	Linda Storck
Director of Parks & Recreation	Paul Leuthold
Director of Planning & Community Dev.	Tim Stewart
Director of Public Works	Richard McKinley
Fire Chief	Bill Boyd
Police Chief (Through Jan)	Randall Carroll
Police Chief (Feb forward))	Todd Ramsay



Washington State Auditor
Brian Sonntag

INDEPENDENT AUDITOR'S REPORT

June 26, 2009

Mayor and City Council
City of Bellingham
Bellingham, Washington

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bellingham, Whatcom County, Washington, as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bellingham, Whatcom County, Washington, as of December 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General, Street, and HUD Grant funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we will also issue our report dated June 26, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing,



and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3-1 through 3-10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining and individual fund statements on pages 5-2 through 5-75 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory Section, Statistical Section, and Single Audit Section is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is stylized and cursive.

BRIAN SONNTAG, CGFM
STATE AUDITOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Bellingham presents this discussion and analysis as part of the City's financial statement for the fiscal year ending December 31, 2008. The information presented should be read in conjunction with the transmittal letter, the financial statements and the notes to the financial statements which follow.

Financial Highlights

- The government's overall financial position improved in 2008 as compared to 2007.
- The assets of the City exceeded its liabilities at December 31, 2008, by \$594.7 million. Of this amount, the use of \$72 million is unrestricted.
- The City's total net assets increased by \$30.7 million including a prior period adjustment of \$8.7 million substantially related to a bond issued in part to fund Bellingham Public Facilities District projects.
- The City's governmental funds decreased \$13.1 million from the prior year to an ending fund balance of \$61.6 million. Of this amount, \$45.8 million was restricted by the purpose of the funds.
- At the end of the current fiscal year the general fund's unreserved fund balance was \$14.5 million. This represented 23% of non-capital general fund expenditures for 2008.
- Proprietary funds increased \$9.9 million from 2007, ending 2008 with total net assets of \$221.8 million.
- Total bonded debt for the City of Bellingham at December 31, 2008, was \$56.7 million. This consisted of \$29.8 million in general obligation bonds, \$26.4 million in revenue bonds, and \$514 thousand in special assessment bonds.

Overview of the Financial Statements

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

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

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

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

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

Fund financial statements provide detailed information about the City's most significant funds, not the City as a whole, and are used to track specific sources of funding and spending. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for

non-major funds are provided in the form of combining statements in a later section of this report. There are three types of funds, described as follows:

Governmental funds represent most of the City’s basic services such as police, fire, parks, a portion of public works and general administration. Governmental fund statements include balance sheets and statements of revenues, expenditures and changes in fund balance. Unlike the government-wide statements, these statements provide only a detailed short-term view of the City’s financial resources available for spending. The accounting basis used is modified accrual and there are no capital assets or long-term debt included in these reports. Budgetary comparisons are included with the financial statements. These statements demonstrate compliance with the City’s adopted and final revised budget.

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

Enterprise funds account for the operations of five major funds; water, wastewater, storm and surface water, solid waste and medic one, as well as four other non-major enterprise funds.

Internal service funds are used to report activities that provide supplies and services for many City programs. The City uses internal service funds to account for fleet maintenance, purchasing, facilities, telecommunications, claims and litigation, and employee benefits. Because these services benefit governmental operations more than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

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

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

Government-wide Financial Analysis

Net assets

The City’s net assets totaled \$594.7 million at December 31, 2008, an increase of 5.5% over December 31, 2007.

	2008	Incr (Decr) from 2007
Capital assets, net of related debt	\$ 460.1 million	\$ 28.3 million
Restricted assets	62.6 million	8.7 million
Unrestricted assets	<u>72.0 million</u>	<u>(6.3) million</u>
Total net assets	<u>\$ 594.7 million</u>	<u>\$ 30.7 million</u>

Capital assets, net of related debt, composed of land, buildings, streets, and other significant investments, represented 77.4% of net assets, which is an increase of 79 basis points from 2007. This amount was not considered liquid and not available for future spending.

Resources subject to a variety of external constraints including bond covenants, construction requirements, levy agreements, endowment terms, settlement agreements, the Revised Code of Washington (RCW), etc. restricted 10.5% of net assets, an increase from the prior year. The remaining balance of unrestricted net assets were available to meet the City's ongoing obligations. In 2008 this comprised 12.1% of net assets, a decrease of 1.8% from the prior year.

	Net Assets					
	<i>(in thousands)</i>					
	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Current	\$ 98,095	\$ 108,027	\$ 35,835	\$ 30,929	\$ 133,930	\$ 138,956
Noncurrent	22,393	10,103	20,854	17,294	43,247	27,397
Capital assets (net of depr)	291,136	268,984	207,426	205,132	498,562	474,116
Total assets	411,624	387,114	264,115	253,355	675,739	640,469
Liabilities						
Current	8,509	3,493	3,840	5,289	12,349	8,782
Current portion long-term	5,922	5,544	4,856	4,220	10,778	9,764
Long-term noncurrent	24,367	26,126	33,578	31,900	57,945	58,026
Total liabilities	38,798	35,163	42,274	41,409	81,072	76,572
Net assets						
Invested in capital assets, net of related debt	275,563	251,024	184,550	180,824	460,113	431,848
Restricted	42,022	43,371	20,482	10,378	62,504	53,749
Unrestricted	55,240	57,556	16,808	20,744	72,048	78,300
Total net assets	\$ 372,825	\$ 351,951	\$ 221,840	\$ 211,946	\$ 594,665	\$ 563,897

Changes in net assets

2008 net assets increased by \$22.1 million, of which \$12.2 million were attributed to governmental activities. The increase consisted of \$12.6 million in revenues over expenses, and \$480 thousand in net transfers out. Prior period adjustments are not included in the above numbers.

Business-type activities net assets increased \$9.9 million. The increase consisted of \$8.8 million of revenues over expenses, \$587 thousand gain on sale of capital assets, and \$480 thousand net transfers in from governmental activities.

Net Assets (in thousands)	Changes in Net Assets (in thousands)					
	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Program revenues:						
Charges for services	\$ 20,385	\$ 20,597	\$ 50,366	\$ 48,517	\$ 70,751	\$ 69,114
Operating grants and contributions	4,655	3,494	6	46	4,661	3,540
Capital grants and contributions	8,277	11,137	2,369	1,762	10,646	12,899
General revenues:						
Property tax	16,561	15,905	-	-	16,561	15,905
Retail sales and use taxes	21,603	21,855	-	596	21,603	22,451
Interfund tax	4,022	3,764	-	-	4,022	3,764
Business tax	21,208	20,973	1,271	1,256	22,479	22,229
Other unrestricted revenues	7,605	8,862	2,844	2,709	10,449	11,571
Micellaneous sources/(uses)	1,140	7,207	-	1,000	1,140	8,207
Total revenues	105,456	113,794	56,856	55,886	162,312	169,680
Program expenses:						
General government	15,255	13,628	-	-	15,255	13,628
Public safety	38,120	35,174	-	-	38,120	35,174
Physical environment	6,910	5,152	-	-	6,910	5,152
Transportation	10,096	9,468	-	-	10,096	9,468
Economic environment	5,495	5,804	-	-	5,495	5,804
Mental and physical health	77	46	-	-	77	46
Culture and recreation	15,720	13,478	-	-	15,720	13,478
Interest & other debt service costs	1,146	1,193	-	-	1,146	1,193
Water	-	-	14,190	13,141	14,190	13,141
Wastewater	-	-	14,394	13,419	14,394	13,419
Storm & surface water	-	-	4,566	4,121	4,566	4,121
Solid waste	-	-	985	1,866	985	1,866
Medic one	-	-	9,045	8,657	9,045	8,657
Other business type activities	-	-	4,849	4,934	4,849	4,934
Total expenses	92,819	83,943	48,029	46,138	140,848	130,081
Excess or deficiency before any transfers						
or gain (loss) on sale of capital assets	12,637	29,851	8,827	9,748	21,464	39,599
Gain (loss) on sale of capital assets	-	-	587	35	587	35
Transfers	(480)	(202)	480	202	-	-
Change in net assets	12,157	29,649	9,894	9,985	22,051	39,634
Net assets - beginning	351,951	306,252	211,946	199,559	563,897	505,811
Prior period adjustments	8,717	16,050	-	2,402	8,717	18,452
Net assets - ending	\$ 372,825	\$ 351,951	\$ 221,840	\$ 211,946	\$ 594,665	\$ 563,897

Program revenues and expenses – citywide

In 2008 overall Citywide revenues decreased 4% from 2007 to \$162.9 million. As with the decline in the national economy, the local economy and construction activity experienced a similar decline which led to decreased growth in business and property tax revenue. Business tax revenue, which includes utility tax and business and occupation tax, increased by \$251 thousand during 2008, as opposed to an increase of \$1.8 million during 2007, and property tax revenue increased by \$656 thousand in 2008, as opposed to an increase of \$2.8 million during 2007. Additionally, charges for services increased \$1.6 million during 2008, as opposed to an increase of \$6.1 million during 2007. See the fund level analysis for more details.

In 2008 overall Citywide expenses increased 8.3% from 2007 to \$140.8 million.

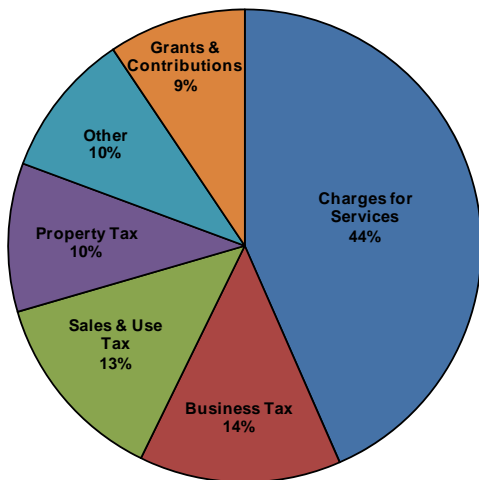
Program revenues and expenses – governmental activities

Charges for services revenue for the governmental program funds decreased \$212 thousand in 2008 from 2007. The decline in revenue was the result of a decrease of \$883 thousand in public safety, \$585 thousand in general government, \$308 thousand in economic environment, and \$202 thousand in transportation, which were offset by increases of \$1.3 million in culture and recreation and \$467 thousand in physical environment. Expenses for governmental programs increased \$8.9 million in 2008 from 2007. The largest increases were \$2.9 million in public safety, \$2.2 million in culture and recreation, \$1.8 million in physical environment, \$1.6 million in general government, and \$628 thousand in transportation. Public safety was the largest governmental activity with 41% of all of the city’s governmental expenses.

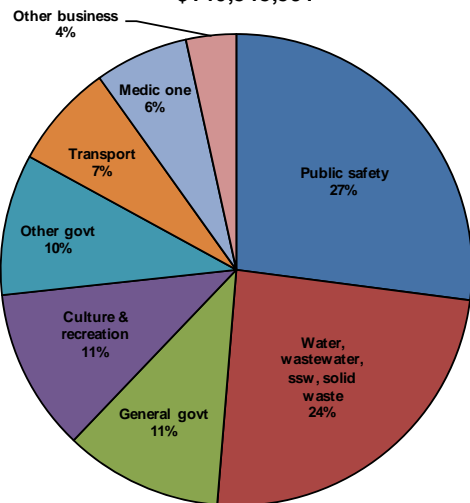
Program revenues and expenses – business-type activities

Charges for services revenue for the business type funds increased \$1.8 million in 2008 from 2007 with moderate increases in wastewater of \$1.8 million, medic one of \$733 thousand, and water of \$480 thousand, which were offset by decreases in golf course operations of \$546 thousand and development services of \$506 thousand (golf course operations were leased to a private operator on January 1, 2008). There was a moderate increase in expense for the business type funds of \$1.9 million in 2008 from 2007. The largest increases were \$1 million for water, \$976 thousand for wastewater, \$444 thousand for surface and storm water, \$387 thousand for medic one, and \$315 thousand for development services, which were offset by decreases of \$880 thousand for solid waste and \$590 thousand for golf course operations. Medic one, which as an enterprise fund is shown separately from the governmental components of public safety, comprises 6.4% of total citywide expenses.

Citywide sources of revenue 2008
\$162,900,008



Citywide functional expenses 2008
\$140,848,591



Fund Level Financial Analysis

Governmental activities

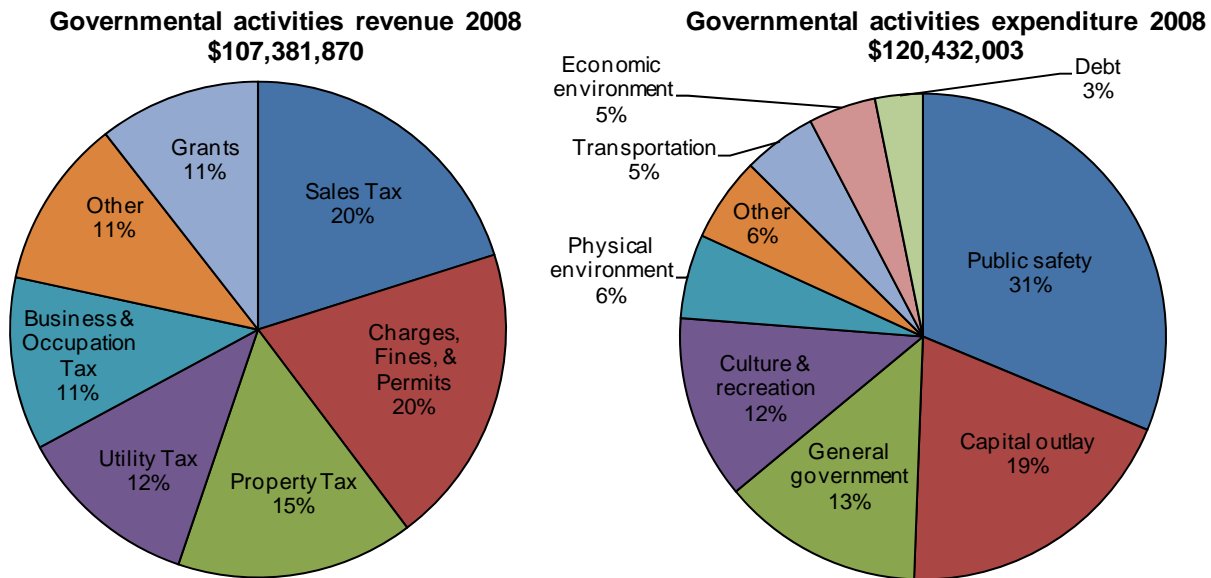
Revenues

Fund balance in governmental funds decreased \$13 million (including transfers) in 2008 to \$61.6 million. Overall governmental revenues decreased 8.4% in 2008 while non-capital and non-debt related expenditures increased 14.2%. The decrease in governmental fund balance was due to a number of factors including:

- Revenues coming in under budget, most notably the general fund (\$1.6 million), street fund (tax revenue of \$648 thousand), REET funds (tax revenue of \$1.2 million), and the park impact fees fund (\$819 thousand).
- An increase in general fund capital outlays of \$5.6 million.
- An increase in expenditures (largely capital projects) in the REET funds of \$1.9 million.
- An increase in expenditures (largely capital projects) in the greenways funds of \$2.4 million.

Taxes are the most significant source of governmental revenue, representing 62.2% of total governmental revenue and 77.7% of general fund revenue. Taxes support services, such as fire, police and parks which are basic to the City’s mission yet do not themselves generate substantial revenue. The major tax categories are retail sales and use, business and occupation, property and utility taxes. Tax collections overall in these major categories increased 1.8% from 2007 to 2008:

- Sales tax revenue decreased 1.2% to \$21.6 million.
- Business and occupation tax decreased .8% to \$12.1 million.
- Property tax collections rose 5.2% to \$16.6 million.
- Utility taxes collected from both private and City owned utilities increased 5.0% to \$12.8 million.



Expenditures

Public safety consisting of fire, police and municipal court accounted for 31% of governmental expenditures. Capital accounted for 19% of governmental expenditures. General government type expenditures are typically overhead in nature, providing management, accounting, legal, personnel and technical services required by operating programs. They comprised 13% of governmental expenditures. Culture and recreation services include most parks and recreation programs, the museum and the library. They represented another 12% of governmental expenditures. Additionally, physical environment 6%,

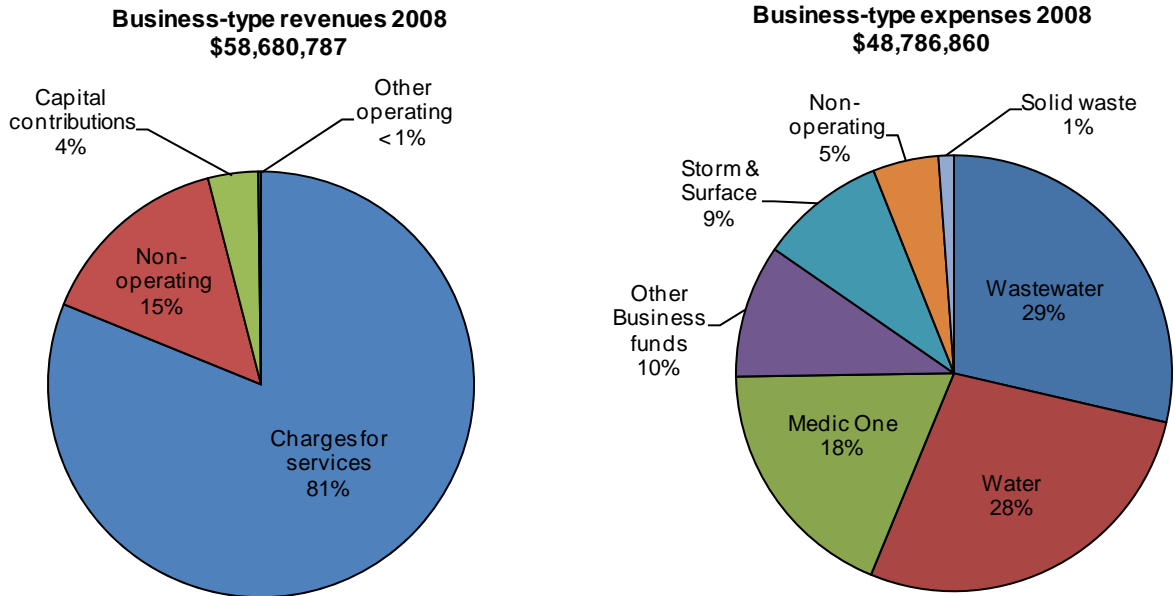
transportation 5%, economic environment 5%, other miscellaneous 6%, and finally debt service accounted for 3% of total governmental expenditures.

Business-type activities

Net assets increased by \$9.9 million, for a total of \$221.8 million in business-type funds. Operating revenues increased by 4%, and operating expenses increased by 6%.

The financial position of the City's business-type funds is largely influenced by the water and wastewater funds. Together they comprised 67% of operating revenues, 59% of expenses, and 83% of net assets.

Medic one and the cemetery are the only business-type activities that require support from the general fund. In 2008 the cemetery received \$221 thousand. Medic one received a cash operating subsidy from the City in the amount of \$1 million. Additionally, medic one receives further subsidies from other sources. Details for medic one are in Note V-C of the financial statements.



Financial Analysis of City Funds

At the end of 2008 the City had 39 governmental funds. Based on GASB criteria, five of these funds are classified as major funds. The general fund is the primary governmental fund. The street fund is responsible for maintenance of City streets and engineering services. The 2004 PFD/Civic Field LTGO Bond fund accounts for the debt service of this bond. The HUD grant fund manages significant grant activity and the LID assessment debt fund is responsible for special assessment debt.

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

The general fund balance decreased \$9.9 million in part to an increase of \$5.6 million in capital expenditures from 2007. The street, HUD, 2004 PFD/Civic Field LTGO Bond, and LID funds were all relatively flat with little or no change from 2007.

The fund balance for non-major governmental funds decreased by \$2.4 million, largely due to capital spending increases of \$1.9 million in the REET funds and \$2.4 million in the greenway levy funds from the prior year.

The City had nine business-type funds. The five major business-type funds were water, wastewater, storm and surface water, solid waste and medic one. Water fund net assets increased \$2.5 million in 2008, as opposed to an increase of \$3.1 million during 2007, which was due in part to a \$1 million increase in year-over-year 2008 operating expenses. Wastewater assets increased \$4.5 million with an increase of \$2.2 million in charges for services. In 2008 storm and surface water assets increased \$1.2 million, reflecting a similar increase experienced in 2007. The net assets of the solid waste fund increased \$1.5 million in 2008 due in part to a decrease in operating expenses of \$777 thousand. The change in net assets of medic one in 2008 was similar to 2007, although both operating revenue and operating expenses increased over the prior year.

The City had four non-major enterprise funds- cemetery, golf, parking services, and development services. The net assets of the cemetery and golf funds were relatively unchanged from the prior year. The increase in parking fund net assets was 41% lower in 2008 than in 2007 due in part to a decrease in operating revenue of \$70 thousand and an increase in operating expenses of \$151 thousand. Development services (building permits, etc.) experienced a decrease of \$506 thousand in revenue and \$315 thousand increase in operating expenses, resulting in a decrease in net assets of \$486 thousand as compared to an increase of \$315 thousand in 2007.

The City had eight internal service funds- fleet, purchasing, facilities administration, telecommunications, claims & litigation, unemployment compensation, workers compensation, and health benefits. Only fleet and claims & litigation had noteworthy changes in net assets from the prior year. Fleet received an interfund contribution of \$2.25 million for the purchase of fire trucks. Claims & litigation experienced a decrease in net assets of \$891 thousand due in part to an increase in claims payments of \$685 thousand.

General Fund Budgetary Highlights

For 2008, the adopted general fund budget for expenditures was \$68.4 million, the final budget was \$78 million and the actual expenditures were \$68.2 million. Amendments to the City budget are made for the following purposes:

- Supplemental appropriations approved after the beginning of the year to reflect actual beginning account balances and to correct the estimated amounts in the budget adopted December, 2007.
- Increases and decreases in appropriations to recognize actual program costs.
- New appropriations to acknowledge unanticipated revenues and corresponding expenditures.
- Actual revenues were \$1.6 million, or 97.4%, less than the final projected budget. Most notable areas where 2008 actual revenues were less than budget include retail sales tax (\$583 thousand), utility tax (\$281 thousand), business tax (\$203 thousand), intergovernmental revenue (\$798 thousand), and charges for services (\$175 thousand).

Actual expenditures were \$9.9 million, or 87.4%, below final budgeted amounts. See below for explanation.

The City's general fund balance of \$15.8 million was greater than the general fund's projected budgetary fund balance of \$8.8 million due to the following factors:

- As declining revenues became apparent, City Department Heads and other operational managers were instructed by the Mayor to find savings of 3% in their 2008 budgets. By delaying capital projects, instituting a hiring freeze and other mostly onetime cost savings efforts, departments were able to lower their 2008 expenses.
- Insurance recovery revenues of \$1 million were not budgeted.
- Decreases in expenditures for waterfront development (\$699 thousand) and Lake Whatcom management (\$500 thousand) caused by a delay in multi-jurisdictional policy and planning issues.
- Budgetary fund balance excluded accounts receivable, current employee benefits and deferred revenues.
- General fund expenditure re-appropriations of \$1.5 million from the 2008 Budget to the 2009 Budget.

Capital Asset and Debt Administration

Capital assets

At December 31, 2008, the City had invested \$703.1 million in a wide range of capital assets throughout governmental and business-type activities. At year end, net capital assets were \$498.6 million, an increase of \$24.4 million from the previous year. Accumulated depreciation through fiscal year 2008 was \$204.5 million.

More detailed information about the City's capital assets is presented in Note IV-D to the financial statements.

	Capital Assets (net of depreciation, in thousands)						Percentage change 2008 - 2007
	Governmental activities		Business-type activities		Total		
	2008	2007	2008	2007	2008	2007	
Land	\$ 112,613	\$ 103,536	\$ 31,850	\$ 33,846	\$ 144,463	\$ 137,382	5.2%
Buildings	31,399	28,365	50,887	52,743	82,286	81,108	1.5%
Improvements and infrastructure	110,252	95,915	111,542	106,590	221,794	202,505	9.5%
Machinery and equipment	13,432	9,222	3,284	3,315	16,716	12,537	33.3%
Construction in progress	23,440	31,946	9,863	8,638	33,303	40,584	-17.9%
Total	\$ 291,136	\$ 268,984	\$ 207,426	\$ 205,132	\$ 498,562	\$ 474,116	5.2%

The 2009 adopted capital budget included \$44.7 million for capital projects, principally in parks, street, wastewater and water funds. The 2009 budget was amended to include \$57.9 million in uncompleted capital projects re-appropriated from 2008.

Long-term debt

At year end, the City had \$68.7 million in bonds and notes outstanding, a slight increase of \$923 thousand from 2008.

More detailed information about the City's long-term liabilities is presented in Note IV-H of the financial statements.

The City of Bellingham's current revenue bond rating from Moody's is 'A1' for all bonds. The City's general obligation bond issue is 'A1' for non-voted bonds and 'Aa3' for voted bonds.

	Outstanding Debt (in thousands)						Percentage change 2008 - 2007
	Governmental activities		Business-type activities		Total		
	2008	2007	2008	2007	2008	2007	
General obligation bonds	\$ 21,543	\$ 23,255	\$ 8,265	\$ 8,654	\$ 29,808	\$ 31,909	-6.6%
Revenue bonds	-	-	26,415	23,006	26,415	23,006	14.8%
Special assessment bonds	514	925	-	-	514	925	-44.4%
Notes and settlements	160	167	1,000	1,500	1,160	1,667	-30.4%
Government loans	2,211	2,624	2,178	2,371	4,389	4,995	-12.1%
Claims and litigation	981	457	-	-	981	457	114.7%
Compensated absences	4,590	4,242	576	589	5,166	4,831	6.9%
Net pension obligation	280	-	-	-	280	-	-
Total	\$ 30,279	\$ 31,670	\$ 38,434	\$ 36,120	\$ 68,713	\$ 67,790	1.4%

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 of the city. The limits are:

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

Calculation of Legally Available Debt at December 31, 2008

(in thousands)

Total assessed value		\$	8,079,557
Allowable general purpose indebtedness (legal limit 2.5% of taxable property value)			201,989
Unvoted indebtedness incurred (less assets available)	28,806		
Voted indebtedness incurred (less assets available)	883		
Total debt incurred			29,689
Legally available debt capacity for general purpose			\$172,300

Economic Factors and the 2008 Budget

The unemployment rate on December 31, 2008 in Whatcom County compared favorably with its benchmarks, especially considering the impact of 28,444 resident college students.

- Bellingham, WA Metropolitan Statistical Area 2008 rate was 5.0%
- Bellingham, WA Metropolitan Statistical Area 2007 rate was 4.2%
- Washington Statewide 2008 rate was 5.3%
- National rate 2008 was 5.8%

The Seattle metropolitan area is the closest indicator for inflation rate. In 2008 the inflation rate was 4.2%, above the 2007 level of 3.9% and the 2008 national rate of 3.8%.

Over the last ten years net bonded debt per capita has increased from \$170 to \$390.

In a comparison of 2007 data conducted by the Washington State Auditor’s Office with ten other peer Washington State cities in the population range of 44,460 to 101,800, Bellingham’s per capita revenues for general and special revenue funds of \$1,230, was above the overall average of \$766.

The City’s assessed value per capita has increased from \$94 thousand in 2007 to \$107 thousand in 2008. The ratio of the number of City employees was 12.1 per one thousand of the City’s population, which was up 1.7% from 2007.

The general fund adopted budget for 2009 has \$79.9 million of resources available for appropriation. General fund adopted budget expenditures for 2009 are \$72.2 million. The City continues to evolve and respond positively to the changing economic, social and environmental requirements impacting the community.

Contacting the City’s Financial Management

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



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CITY OF BELLINGHAM
Statement of Net Assets
December 31, 2008

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Public Facilities District	Public Development Authority
ASSETS					
Cash and cash equivalents	\$ 11,419,769	\$ 4,826,541	\$ 16,246,310	\$ 617,805	\$ 1,801
Investments	67,208,259	28,497,563	95,705,822	3,647,144	10,636
Receivable (net of allowance for uncollectibles)	10,988,088	2,502,373	13,490,461	93,426	110
Inventories	722,504	-	722,504	-	-
Prepaid items	1,450,449	8,281	1,458,730	-	-
Net pension asset	6,305,515	-	6,305,515	-	-
Deferred charges	1,497,005	370,930	1,867,935	236,031	-
Due from component units	11,645,000	-	11,645,000	-	-
Notes and contracts receivable	9,251,403	-	9,251,403	-	-
Restricted assets:					
Restricted cash and cash equivalents	-	2,966,723	2,966,723	93,165	-
Restricted investments	-	17,516,558	17,516,558	550,074	-
Capital assets not being depreciated:					
Land	112,612,786	31,849,839	144,462,625	1,329,860	-
Construction in progress	23,440,353	9,862,708	33,303,061	17,087,364	-
Capital assets net of accumulated depreciation:					
Buildings	31,398,826	50,887,280	82,286,106	1,598,524	-
Improvements	110,252,043	111,542,033	221,794,076	3,378,662	-
Machinery and equipment	13,431,756	3,284,125	16,715,881	-	-
Total assets	<u>411,623,756</u>	<u>264,114,954</u>	<u>675,738,710</u>	<u>28,632,055</u>	<u>12,547</u>
LIABILITIES					
Accounts payable	2,828,772	1,182,825	4,011,597	795,502	4,635
Accrued wages and benefits	2,797,126	427,958	3,225,084	2,016	-
Internal balance	(150,081)	150,081	-	-	-
Other accrued liabilities	3,033,426	2,079,510	5,112,936	-	-
Noncurrent liabilities:					
Due within one year					
Bonds payable (net of unamortized premium/discount)	1,820,000	3,185,000	5,005,000	-	-
Compensated absences	3,515,238	478,179	3,993,417	2,946	-
Due to primary government	-	-	-	190,000	-
Other long-term liabilities	164,918	1,192,772	1,357,690	-	-
Claims and judgments payable	422,418	-	422,418	-	-
Due in more than one year:					
Bonds payable (net of unamortized premium/discount)	19,722,912	31,495,098	51,218,010	9,956,066	-
Special assessment bonds with governmental commitment (net of unamortized discount)	514,485	-	514,485	-	-
Compensated absences	1,074,640	98,110	1,172,750	1,839	-
Due to primary government	-	-	-	11,455,000	-
Net pension liability	280,123	-	280,123	-	-
Other long-term liabilities	2,206,198	1,985,000	4,191,198	-	-
Claims and judgments payable	568,244	-	568,244	-	-
Total liabilities	<u>38,798,419</u>	<u>42,274,533</u>	<u>81,072,952</u>	<u>22,403,369</u>	<u>4,635</u>
NET ASSETS					
Invested in capital assets, net of related debt	275,562,771	184,549,549	460,112,320	1,793,343	-
Restricted					
Expendable					
Capital projects	17,700,543	-	17,700,543	-	-
Culture and recreation	10,499,558	-	10,499,558	-	-
Housing & community development	69,114	-	69,114	-	-
Debt service	396,716	4,193,429	4,590,145	-	-
Physical environment	3,233,252	16,289,852	19,523,104	-	-
Public safety	2,693,041	-	2,693,041	-	-
Permanent	757,342	-	757,342	-	-
Nonexpendable					
Permanent	6,673,126	-	6,673,126	-	-
Unrestricted	<u>55,239,874</u>	<u>16,807,591</u>	<u>72,047,465</u>	<u>4,435,343</u>	<u>7,912</u>
Total net assets	<u>\$ 372,825,337</u>	<u>\$ 221,840,421</u>	<u>\$ 594,665,758</u>	<u>\$ 6,228,686</u>	<u>\$ 7,912</u>

CITY OF BELLINGHAM
Statement of Activities
For the Year Ended December 31, 2008

Functions/Program	Program Revenues					Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
						Governmental Activities	Business-type Activities	Total	Public Facilities District	Public Development Authority
Primary Government:										
Governmental activities:										
General government	\$ 15,976,149	\$ (721,310)	\$ 7,629,530	\$ 885,205	\$ 507,300	\$ (6,232,804)	\$ -	\$ (6,232,804)	\$ -	\$ -
Public safety	37,993,287	126,468	4,652,808	1,329,468	-	(32,137,479)	-	(32,137,479)	-	-
Physical environment	6,557,780	352,133	3,332,454	135,181	15,000	(3,427,278)	-	(3,427,278)	-	-
Transportation	9,853,604	242,709	780,990	-	6,122,328	(3,192,995)	-	(3,192,995)	-	-
Economic environment	5,495,025	-	1,031,818	1,960,794	99,626	(2,402,787)	-	(2,402,787)	-	-
Mental and physical health	77,346	-	-	-	-	(77,346)	-	(77,346)	-	-
Culture and recreation	15,719,617	-	2,957,313	82,340	872,628	(11,807,336)	-	(11,807,336)	-	-
Interest	1,146,323	-	-	261,995	660,435	(223,893)	-	(223,893)	-	-
Total governmental activities	92,819,131	-	20,384,913	4,654,983	8,277,317	(59,501,918)	-	(59,501,918)	-	-
Business-type activities:										
Water	14,190,176	-	14,906,201	-	904,227	-	1,620,252	1,620,252	-	-
Wastewater	14,394,572	-	17,076,027	4,963	775,405	-	3,461,823	3,461,823	-	-
Surface and stormwater	4,565,706	-	4,950,172	-	689,012	-	1,073,478	1,073,478	-	-
Solid waste	985,055	-	233,471	-	-	-	(751,584)	(751,584)	-	-
Cemetery	612,882	-	346,156	-	-	-	(266,726)	(266,726)	-	-
Golf course	150,966	-	184,297	-	-	-	33,331	33,331	-	-
Parking	1,196,683	-	2,285,357	-	-	-	1,088,674	1,088,674	-	-
Medic one	9,044,577	-	8,024,156	1,644	-	-	(1,018,777)	(1,018,777)	-	-
Development services	2,888,843	-	2,360,011	-	-	-	(528,832)	(528,832)	-	-
Total business-type activities	48,029,460	-	50,365,848	6,607	2,368,644	-	4,711,639	4,711,639	-	-
Total primary government	\$ 140,848,591	\$ -	\$ 70,750,761	\$ 4,661,590	\$ 10,645,961	(59,501,918)	4,711,639	(54,790,279)	-	-
Component unit:										
Public Facilities District	\$ 1,216,382	\$ -	\$ 107,680	\$ -	\$ 1,737,501	-	-	-	\$ 628,799	-
Public Development Agency	7,452	-	-	15,000	-	-	-	-	-	\$ 7,548
Total component units	\$ 1,223,834	\$ -	\$ 107,680	\$ 15,000	\$ 1,737,501	-	-	-	\$ 628,799	\$ 7,548
General revenues:										
Taxes:										
Property taxes						16,560,804	-	16,560,804	-	-
Retail sales and use taxes						21,603,021	-	21,603,021	1,136,083	-
Interfund taxes						4,022,074	-	4,022,074	-	-
Business taxes						21,208,125	1,271,585	22,479,710	-	-
Other taxes						3,330,446	-	3,330,446	-	-
Unrestricted investment earnings						4,274,577	2,843,893	7,118,470	290,137	364
Miscellaneous sources/(uses)						1,140,391	-	1,140,391	125	-
Gain on sale of capital assets						-	586,780	586,780	-	-
Transfers						(480,030)	480,030	-	-	-
Total general revenues and transfers						71,659,408	5,182,288	76,841,696	1,426,345	364
Change in net assets						12,157,490	9,893,927	22,051,417	2,055,144	7,912
Net assets - beginning						351,951,017	211,946,494	563,897,511	13,183,542	-
Prior period adjustments						8,716,830	-	8,716,830	(9,010,000)	-
Net assets - ending						\$ 372,825,337	\$ 221,840,421	\$ 594,665,758	\$ 6,228,686	\$ 7,912

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CITY OF BELLINGHAM
Balance Sheet
Governmental Funds
December 31, 2008

	General	Street	HUD Grant Fund	2004 PFD/Civic Fid LTGO Bond	LID Assessment Debt Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 2,752,462	\$ 1,509,765	\$ -	\$ -	\$ 1,035	\$ 4,838,730	\$ 9,101,992
Investments	16,033,475	8,914,173	-	-	6,112	28,569,546	53,523,306
Receivable (net of allowance for uncollectibles)	939,680	1,225,166	365,486	-	126,055	540,011	3,196,398
Interfund receivables	400,673	-	-	-	-	130	400,803
Due from component units	-	-	-	8,845,000	-	2,800,000	11,645,000
Prepaid items	1,261,782	2,000	-	-	-	-	1,263,782
Special assessments - deferred	-	-	-	-	1,497,005	-	1,497,005
Notes and contracts receivable	-	-	9,105,378	-	-	-	9,105,378
Total assets	<u>21,388,072</u>	<u>11,651,104</u>	<u>9,470,864</u>	<u>8,845,000</u>	<u>1,630,207</u>	<u>36,748,417</u>	<u>89,733,664</u>
LIABILITIES							
Accounts payable	831,485	554,620	35,846	-	287	1,100,401	2,522,639
Accrued wages and benefits	2,197,061	317,329	-	-	-	150,396	2,664,786
Interfund payables	2,233,880	-	250,673	-	-	49	2,484,602
Other liabilities	77,274	466,740	9,853	-	-	91,600	645,467
Deferred revenue	297,259	-	9,105,378	8,845,000	1,497,005	103,365	19,848,007
Total liabilities	<u>5,636,959</u>	<u>1,338,689</u>	<u>9,401,750</u>	<u>8,845,000</u>	<u>1,497,292</u>	<u>1,445,811</u>	<u>28,165,501</u>
FUND BALANCES							
Reserved for:							
Prepaid items	1,261,782	2,000	-	-	-	-	1,263,782
Permanent funds	-	-	-	-	-	6,673,126	6,673,126
Unreserved fund balance	14,489,331	10,310,415	69,114	-	132,915	-	25,001,775
Unreserved reported in nonmajor:							
Special revenue funds	-	-	-	-	-	27,368,971	27,368,971
Debt service funds	-	-	-	-	-	363,195	363,195
Capital project funds	-	-	-	-	-	139,972	139,972
Permanent funds	-	-	-	-	-	757,342	757,342
Total fund balances	<u>15,751,113</u>	<u>10,312,415</u>	<u>69,114</u>	<u>-</u>	<u>132,915</u>	<u>35,302,606</u>	<u>61,568,163</u>
Total liabilities and fund balances	<u>\$ 21,388,072</u>	<u>\$ 11,651,104</u>	<u>\$ 9,470,864</u>	<u>\$ 8,845,000</u>	<u>\$ 1,630,207</u>	<u>\$ 36,748,417</u>	<u>\$ 89,733,664</u>

CITY OF BELLINGHAM
Reconciliation of the Balance Sheet
of Governmental Funds
to the Statement of Net Assets
December 31, 2008

Total fund balances - governmental funds	\$ 61,568,163
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore not reported as assets in the funds.	277,398,139
Long-term assets not available to pay for current period expenditures and therefore deferred in the funds.	19,848,007
Pre-paid bond issuance cost asset not shown in modified accrual governmental funds.	135,667
Net pension asset not shown in modified accrual governmental funds.	6,305,515
Internal service funds are used to charge the cost of services to other funds. Assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.	29,115,837
Interest income from investments not shown in modified accrual governmental funds.	552,698
Accounts receivable income not shown in modified accrual governmental funds.	7,097,676
Net pension liability not shown in modified accrual governmental funds.	(280,123)
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	<u>(28,916,242)</u>
Net assets of governmental activities	<u>\$ 372,825,337</u>

CITY OF BELLINGHAM
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	2004						Total Governmental Funds
	General	Street	HUD Grant Fund	PFD/Civic Fid LTGO Bond	LID Assessment Debt Fund	Other Governmental Funds	
REVENUES							
Taxes	\$ 49,439,149	\$ 9,282,295	\$ -	\$ -	\$ -	\$ 8,066,270	\$ 66,787,714
Licenses and permits	919,074	43,915	-	-	-	-	962,989
Intergovernmental revenue	2,555,358	3,876,633	1,793,584	570,199	-	3,543,221	12,338,995
Charges for services	6,118,777	6,948,244	164,192	-	-	1,974,179	15,205,392
Fines and forfeits	1,136,310	-	-	-	-	25	1,136,335
Miscellaneous revenues	1,674,202	663,163	120,706	-	397,072	3,537,965	6,393,108
Total revenues	<u>61,842,870</u>	<u>20,814,250</u>	<u>2,078,482</u>	<u>570,199</u>	<u>397,072</u>	<u>17,121,660</u>	<u>102,824,533</u>
EXPENDITURES							
Current:							
General government services	12,247,089	3,293,439	-	-	-	600,621	16,141,149
Public safety	33,323,020	-	-	-	-	4,339,603	37,662,623
Physical environment	310,784	4,873,022	-	-	-	1,568,559	6,752,365
Transportation	-	5,904,387	-	-	-	-	5,904,387
Economic environment	3,413,622	-	1,981,197	-	-	3,684	5,398,503
Mental and physical health	77,346	-	-	-	-	-	77,346
Cultural and recreation	12,882,709	-	-	-	-	1,844,852	14,727,561
Debt service:							
Redemption of general long-term debt	-	-	-	575,000	355,000	1,734,430	2,664,430
Interest and other debt service cost	56,302	-	-	633,302	59,632	413,049	1,162,285
Capital outlay	5,844,983	6,793,222	528,278	-	-	10,086,425	23,252,908
Total expenditures	<u>68,155,855</u>	<u>20,864,070</u>	<u>2,509,475</u>	<u>1,208,302</u>	<u>414,632</u>	<u>20,591,223</u>	<u>113,743,557</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,312,985)</u>	<u>(49,820)</u>	<u>(430,993)</u>	<u>(638,103)</u>	<u>(17,560)</u>	<u>(3,469,563)</u>	<u>(10,919,024)</u>
OTHER FINANCING SOURCES (USES)							
Insurance recovery	1,007,838	208	-	-	-	-	1,008,046
Transfers in	757,042	45,694	48,624	638,103	-	2,059,828	3,549,291
Transfers out	(5,396,473)	(307,546)	-	-	-	(984,427)	(6,688,446)
Total other financing sources and (uses)	<u>(3,631,593)</u>	<u>(261,644)</u>	<u>48,624</u>	<u>638,103</u>	<u>-</u>	<u>1,075,401</u>	<u>(2,131,109)</u>
Net change in fund balances	(9,944,578)	(311,464)	(382,369)	-	(17,560)	(2,394,162)	(13,050,133)
Fund balances - beginning	25,695,691	10,623,879	451,483	-	150,475	37,696,768	74,618,296
Fund balances - ending	<u>\$ 15,751,113</u>	<u>\$ 10,312,415</u>	<u>\$ 69,114</u>	<u>\$ -</u>	<u>\$ 132,915</u>	<u>\$ 35,302,606</u>	<u>\$ 61,568,163</u>

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, 2008

Net changes in fund balances - total governmental funds \$ (13,050,133)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$23,252,908 exceeded depreciation of (\$5,604,560) in the current period. 17,648,348

Donated assets for 2008 1,618,770

Current year retirements and abandonments for 2008 (286,939)

Current year amortization charges for 2008 (40,295)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 1,364,964

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. There were no proceeds in the current period. This is the amount that repayment exceeded proceeds. 2,664,430

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (261,163)

Internal service funds are used by management to charge costs of certain activities, such as fleet, warehouse, facilities, telecommunications, etc. to individual funds. The net revenue (expense) of these funds is reported with governmental activities. 2,499,508

Change in net assets of governmental activities \$ 12,157,490

CITY OF BELLINGHAM
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
General Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property	\$ 11,896,000	\$ 11,896,000	\$ 12,174,093	\$ 278,093
Retail sales and use	11,828,750	11,828,750	11,245,182	(583,568)
Utility	13,076,500	13,076,500	12,795,235	(281,265)
Business	12,789,000	12,789,000	12,586,101	(202,899)
Other	660,586	660,586	638,538	(22,048)
Licenses and permits	863,708	863,708	919,074	55,366
Intergovernmental revenue	1,937,217	3,353,552	2,555,358	(798,194)
Charges for services	6,439,056	6,293,654	6,118,777	(174,877)
Fines and forfeits	1,165,385	1,165,385	1,136,310	(29,075)
Miscellaneous revenues:				
Investment interest	929,231	929,231	956,540	27,309
Unrealized gain (loss) on investments	-	-	95,606	95,606
Other miscellaneous revenues	485,301	604,927	622,056	17,129
Total revenues	<u>62,070,734</u>	<u>63,461,293</u>	<u>61,842,870</u>	<u>(1,618,423)</u>
EXPENDITURES				
Office of the mayor	3,024,095	3,307,407	1,768,030	1,539,377
City council	438,135	468,872	432,578	36,294
Hearing examiner	188,245	188,245	179,862	8,383
Museum	1,653,716	1,680,898	1,485,137	195,761
Library	3,892,876	3,972,211	3,938,116	34,095
Finance	2,103,299	8,466,557	8,215,381	251,176
Human resources	1,563,203	1,672,723	1,285,114	387,609
Information services	2,707,432	2,648,986	2,237,835	411,151
Legal	1,431,365	1,473,976	1,317,064	156,912
Judicial and support services	2,884,662	3,056,678	2,760,046	296,632
Parks and recreation	8,094,016	8,232,429	7,459,455	772,974
Planning	3,157,370	4,261,879	3,269,562	992,317
Fire	17,029,880	17,570,427	14,489,856	3,080,571
Police	19,873,969	20,544,588	19,079,439	1,465,149
Non Departmental	400,511	471,999	238,380	233,619
Total expenditures	<u>68,442,774</u>	<u>78,017,875</u>	<u>68,155,855</u>	<u>9,862,020</u>
Excess of revenues over (under) expenditures	<u>(6,372,040)</u>	<u>(14,556,582)</u>	<u>(6,312,985)</u>	<u>8,243,597</u>
OTHER FINANCING SOURCES (USES)				
Insurance recovery	-	-	1,007,837	1,007,837
Transfers in	1,004,181	1,019,181	757,042	(262,139)
Transfers out	<u>(3,091,246)</u>	<u>(3,139,870)</u>	<u>(5,396,472)</u>	<u>(2,256,602)</u>
Total other financing sources (uses)	<u>(2,087,065)</u>	<u>(2,120,689)</u>	<u>(3,631,593)</u>	<u>(1,510,904)</u>
Net change in fund balances	(8,459,105)	(16,677,271)	(9,944,578)	6,732,693
Fund balance - beginning	16,622,876	25,481,318	25,695,691	214,373
Fund balance - ending	<u>\$ 8,163,771</u>	<u>\$ 8,804,047</u>	<u>\$ 15,751,113</u>	<u>\$ 6,947,066</u>

CITY OF BELLINGHAM
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
Street Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 9,930,000	\$ 9,930,000	\$ 9,282,295	\$ (647,705)
Licenses and permits	63,000	63,000	43,915	(19,085)
Intergovernmental revenue	11,872,651	20,550,313	3,876,633	(16,673,680)
Charges for services	7,091,441	7,119,154	6,948,244	(170,910)
Miscellaneous revenues	<u>872,680</u>	<u>701,530</u>	<u>663,163</u>	<u>(38,367)</u>
Total revenues	<u>29,829,772</u>	<u>38,363,997</u>	<u>20,814,250</u>	<u>(17,549,747)</u>
EXPENDITURES				
Current:				
General government services	3,480,659	3,518,639	3,293,439	225,200
Physical environment	5,063,804	5,487,636	4,873,022	614,614
Transportation	5,809,498	6,232,747	5,904,387	328,360
Capital outlay	<u>17,654,000</u>	<u>32,214,234</u>	<u>6,793,222</u>	<u>25,421,012</u>
Total expenditures	<u>32,007,961</u>	<u>47,453,256</u>	<u>20,864,070</u>	<u>26,589,186</u>
Excess (deficiency) of revenues				
Over (under) expenditures	<u>(2,178,189)</u>	<u>(9,089,259)</u>	<u>(49,820)</u>	<u>9,039,439</u>
OTHER FINANCING SOURCES (USES)				
Insurance recovery	-	-	208	208
Transfers in	-	45,694	45,694	-
Transfers out	<u>(175,280)</u>	<u>(175,280)</u>	<u>(307,546)</u>	<u>(132,266)</u>
Total other financing sources (uses)	<u>(175,280)</u>	<u>(129,586)</u>	<u>(261,644)</u>	<u>(132,058)</u>
Net change in fund balances	(2,353,469)	(9,218,845)	(311,464)	8,907,381
Fund balance - beginning	<u>3,831,357</u>	<u>10,546,272</u>	<u>10,623,879</u>	<u>77,607</u>
Fund balance - ending	<u>\$ 1,477,888</u>	<u>\$ 1,327,427</u>	<u>\$ 10,312,415</u>	<u>\$ 8,984,988</u>

CITY OF BELLINGHAM
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual GAAP Basis
HUD Grant Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenue	\$ 1,505,200	\$ 3,667,016	\$ 1,793,584	\$ (1,873,432)
Charges for services	211,541	211,541	164,192	(47,349)
Miscellaneous revenues	<u>68,473</u>	<u>68,473</u>	<u>120,706</u>	<u>52,233</u>
Total revenues	<u>1,785,214</u>	<u>3,947,030</u>	<u>2,078,482</u>	<u>(1,868,548)</u>
EXPENDITURES				
Current:				
Economic environment	1,723,882	3,616,351	1,981,197	1,635,154
Capital outlay	<u>229,029</u>	<u>682,146</u>	<u>528,278</u>	<u>153,868</u>
Total expenditures	<u>1,952,911</u>	<u>4,298,497</u>	<u>2,509,475</u>	<u>1,789,022</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>(167,697)</u>	<u>(351,467)</u>	<u>(430,993)</u>	<u>(79,526)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>153,573</u>	<u>202,197</u>	<u>48,624</u>	<u>(153,573)</u>
Total other financing sources (uses)	<u>153,573</u>	<u>202,197</u>	<u>48,624</u>	<u>(153,573)</u>
Net change in fund balances	(14,124)	(149,270)	(382,369)	(233,099)
Fund balance - beginning	<u>332,765</u>	<u>451,483</u>	<u>451,483</u>	<u>-</u>
Fund balance - ending	<u>\$ 318,641</u>	<u>\$ 302,213</u>	<u>\$ 69,114</u>	<u>\$ (233,099)</u>



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CITY OF BELLINGHAM
Statement of Net Assets
Proprietary Funds
December 31, 2008

Page 1 of 2

ASSETS	Business-type Activities - Enterprise Funds						Totals	Governmental Activities - Internal Service Funds
	Water	Wastewater	Storm and Surface Water	Solid Waste	Medic One	Other Business-type Activities		
Current assets:								
Cash and cash equivalents	\$ 677,115	\$ 2,017,312	\$ 542,726	\$ 1,035,232	\$ 256,158	\$ 297,998	\$ 4,826,541	\$ 2,317,777
Investments	3,997,923	11,910,906	3,204,441	6,112,365	1,512,444	1,759,484	28,497,563	13,684,953
Restricted cash and cash equivalents	2,035,757	847,072	-	8,543	-	4,712	2,896,084	-
Restricted investments	12,019,806	5,001,411	-	50,443	-	27,824	17,099,484	-
Receivable (net of allowance for uncollectibles)	698,669	717,162	334,046	77,016	519,870	155,610	2,502,373	141,316
Inventories	-	-	-	-	-	-	-	722,504
Prepaid items	8,281	-	-	-	-	-	8,281	51,000
Total current assets	<u>19,437,551</u>	<u>20,493,863</u>	<u>4,081,213</u>	<u>7,283,599</u>	<u>2,288,472</u>	<u>2,245,628</u>	<u>55,830,326</u>	<u>16,917,550</u>
Noncurrent assets:								
Deferred charges	164,934	137,150	-	68,846	-	-	370,930	-
Due from component unit	-	-	-	-	-	-	-	-
Notes and contracts receivable	-	-	-	-	-	-	-	146,025
Restricted cash and cash equivalents	-	-	-	-	-	70,639	70,639	-
Restricted investments	-	-	-	-	-	417,074	417,074	-
Capital assets not being depreciated:								
Land	23,390,114	3,925,297	1,477,188	-	52,457	3,004,783	31,849,839	40,102
Construction in progress	5,496,847	3,566,660	645,635	-	-	153,566	9,862,708	-
Capital assets net of accumulated depreciation:								
Buildings	7,002,630	40,622,366	-	15,890	360,890	2,885,504	50,887,280	1,822,743
Improvements	52,549,207	36,981,744	20,655,115	440,822	58,768	856,377	111,542,033	132,653
Machinery and equipment	887,977	1,592,646	-	107,735	450,589	245,178	3,284,125	11,742,127
Total noncurrent assets	<u>89,491,709</u>	<u>86,825,863</u>	<u>22,777,938</u>	<u>633,293</u>	<u>922,704</u>	<u>7,633,121</u>	<u>208,284,628</u>	<u>13,883,650</u>
Total assets	<u>108,929,260</u>	<u>107,319,726</u>	<u>26,859,151</u>	<u>7,916,892</u>	<u>3,211,176</u>	<u>9,878,749</u>	<u>264,114,954</u>	<u>30,801,200</u>

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CITY OF BELLINGHAM
Statement of Net Assets
Proprietary Funds
December 31, 2008

Page 2 of 2

Business-type Activities - Enterprise Funds

LIABILITIES	Business-type Activities - Enterprise Funds						Totals	Governmental Activities - Internal Service Funds
	Water	Wastewater	Storm and Surface Water	Solid Waste	Medic One	Other Business-type Activities		
Current liabilities:								
Accounts payable	400,321	492,877	32,363	394	106,736	150,134	1,182,825	306,133
Accrued wages and benefits	124,370	139,725	55,553	5,228	-	103,082	427,958	132,340
Interfund payables	-	-	-	150,000	-	157,977	307,977	-
Other accrued liabilities	650,765	141,183	6,949	33,575	864,270	224,872	1,921,614	54,685
Current portion:								
Bonds payable								
(net of unamortized premium/discount)	815,000	1,960,000	-	300,000	-	110,000	3,185,000	-
Compensated absences	148,871	159,515	63,289	3,683	-	102,821	478,179	151,879
Other long-term liabilities	1,169,325	23,447	-	-	-	-	1,192,772	422,418
Total current liabilities	<u>3,308,652</u>	<u>2,916,747</u>	<u>158,154</u>	<u>492,880</u>	<u>971,006</u>	<u>848,886</u>	<u>8,696,325</u>	<u>1,067,455</u>
Noncurrent liabilities:								
Bonds payable								
(net of unamortized premium/discount)	19,465,544	4,174,890	-	7,479,664	-	375,000	31,495,098	-
Compensated absences	34,499	34,723	17,456	-	-	11,432	98,110	49,664
Other long-term liabilities	1,938,105	46,895	-	-	-	-	1,985,000	568,244
Total noncurrent liabilities	<u>21,438,148</u>	<u>4,256,508</u>	<u>17,456</u>	<u>7,479,664</u>	<u>-</u>	<u>386,432</u>	<u>33,578,208</u>	<u>617,908</u>
Total liabilities	<u>24,746,800</u>	<u>7,173,255</u>	<u>175,610</u>	<u>7,972,544</u>	<u>971,006</u>	<u>1,235,318</u>	<u>42,274,533</u>	<u>1,685,363</u>
NET ASSETS								
Invested in capital assets, net								
of related debt	75,986,742	80,512,482	22,777,939	(2,310,728)	922,704	6,660,410	184,549,549	13,737,627
Restricted for debt service	2,132,444	1,881,140	-	58,986	-	120,859	4,193,429	-
Restricted	11,923,119	3,967,343	-	-	-	399,390	16,289,852	-
Unrestricted	(5,859,845)	13,785,506	3,905,602	2,196,090	1,317,466	1,462,772	16,807,591	15,378,210
Total net assets	<u>\$ 84,182,460</u>	<u>\$ 100,146,471</u>	<u>\$ 26,683,541</u>	<u>\$ (55,652)</u>	<u>\$ 2,240,170</u>	<u>\$ 8,643,431</u>	<u>\$ 221,840,421</u>	<u>\$ 29,115,837</u>

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CITY OF BELLINGHAM
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2008

	Business-type Activities - Enterprise Funds						Totals	Governmental Activities - Internal Service Funds
	Water	Wastewater	Storm and Surface Water	Solid Waste	Medic One	Other Business- type Activities		
Operating revenues:								
Sales of merchandise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,029,507
Less: cost of goods sold	-	-	-	-	-	-	-	(1,173,820)
Customer sales and service fees	14,120,082	16,299,685	4,546,135	73,535	5,768,427	2,703,141	43,511,005	-
Other charges for service	619,861	682,554	328,843	30,656	-	-	1,661,914	3,727,878
Rents, parking and concessions	-	-	-	-	-	2,441,980	2,441,980	-
Insurance premium contribution	-	-	-	-	-	-	-	10,117,163
Other operating revenue	-	25,295	72,150	-	-	21,977	119,422	3,547,512
Total operating revenues	<u>14,739,943</u>	<u>17,007,534</u>	<u>4,947,128</u>	<u>104,191</u>	<u>5,768,427</u>	<u>5,167,098</u>	<u>47,734,321</u>	<u>18,248,240</u>
Operating expenses:								
General operations	6,102,070	6,550,530	2,661,854	432,400	8,281,723	2,690,179	26,718,756	4,540,788
General administration	2,443,331	2,331,163	606,049	77,578	593,306	1,941,355	7,992,782	11,459,182
Contracted processing and operations	420,823	508,188	119,732	25,547	-	-	1,074,290	-
Depreciation	2,203,291	2,406,311	604,968	21,374	148,685	177,299	5,561,928	1,139,267
Taxes	2,289,978	2,170,690	573,103	960	20,863	6,770	5,062,364	294
Risk transfer payment	-	-	-	-	-	-	-	623,990
Payments to claimants and beneficiaries	-	-	-	-	-	-	-	1,557,893
Total operating expenses	<u>13,459,493</u>	<u>13,966,882</u>	<u>4,565,706</u>	<u>557,859</u>	<u>9,044,577</u>	<u>4,815,603</u>	<u>46,410,120</u>	<u>19,321,414</u>
Operating income (loss)	<u>1,280,450</u>	<u>3,040,652</u>	<u>381,422</u>	<u>(453,668)</u>	<u>(3,276,150)</u>	<u>351,495</u>	<u>1,324,201</u>	<u>(1,073,174)</u>
Nonoperating revenues (expenses):								
External operating subsidies	-	3,052	137,053	109,377	2,231,140	-	2,480,622	-
Operating assessments and tax levies	-	-	-	1,271,585	-	-	1,271,585	-
Investment interest	765,203	848,279	170,983	300,402	87,360	162,548	2,334,775	689,047
Net incr (decr) in fair value of investments	176,787	175,100	30,587	93,039	20,810	11,313	507,636	132,349
Interest expense and related charges	(730,376)	(427,690)	-	(427,196)	-	(33,771)	(1,619,033)	-
Gain (loss) on sale of capital assets	-	-	-	589,780	(3,000)	-	586,780	1,109
Other nonoperating revenues	167,741	70,409	3,041	19,905	26,232	8,718	296,046	91,053
Other nonoperating expenses	(307)	-	-	-	-	-	(307)	-
Total nonoperating revenue (expense)	<u>379,048</u>	<u>669,150</u>	<u>341,664</u>	<u>1,956,892</u>	<u>2,362,542</u>	<u>148,808</u>	<u>5,858,104</u>	<u>913,558</u>
Income (loss) before contributions and transfers	1,659,498	3,709,802	723,086	1,503,224	(913,608)	500,303	7,182,305	(159,616)
Capital contributions	904,227	775,405	551,959	-	-	-	2,231,591	-
Transfers in	-	-	-	-	1,015,951	221,480	1,237,431	2,659,124
Transfers out	(83,997)	-	(27,754)	-	-	(645,649)	(757,400)	-
Change in net assets	2,479,728	4,485,207	1,247,291	1,503,224	102,343	76,134	9,893,927	2,499,508
Total net assets - beginning	<u>81,702,732</u>	<u>95,661,264</u>	<u>25,436,250</u>	<u>(1,558,876)</u>	<u>2,137,827</u>	<u>8,567,297</u>	<u>211,946,494</u>	<u>26,909,499</u>
Prior period adjustments	-	-	-	-	-	-	-	(293,170)
Total net assets - ending	<u>\$ 84,182,460</u>	<u>\$ 100,146,471</u>	<u>\$ 26,683,541</u>	<u>\$ (55,652)</u>	<u>\$ 2,240,170</u>	<u>\$ 8,643,431</u>	<u>\$ 221,840,421</u>	<u>\$ 29,115,837</u>

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



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CITY OF BELLINGHAM
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008

Page 1 of 2

	Business-type Activities - Enterprise Funds						Total	Governmental Activities Internal Service Funds
	Water	Wastewater	Storm and Surface Water	Solid Waste	Medic One	Other Business-type Activities		
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers	\$ 14,176,085	\$ 16,299,729	\$ 4,573,837	\$ 243,542	\$ 5,842,109	\$ 5,317,145	\$ 46,452,447	\$ 365,985
Receipts from interfund services provided	616,205	682,554	316,836	30,656	-	-	1,646,251	19,182,713
Payments for merchandise	-	-	-	-	-	-	-	(1,162,431)
Payments for wages	(1,704,033)	(2,063,965)	(817,583)	(97,793)	(3,412,254)	(2,218,971)	(10,314,599)	(1,521,058)
Payments for operating expenses	(9,433,324)	(9,296,182)	(3,251,427)	(465,416)	(5,501,597)	(2,384,767)	(30,332,713)	(15,895,974)
Net cash provided (used) by operating activities	<u>3,654,933</u>	<u>5,622,136</u>	<u>821,663</u>	<u>(289,011)</u>	<u>(3,071,742)</u>	<u>713,407</u>	<u>7,451,386</u>	<u>969,235</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers in	-	-	-	-	1,015,951	221,480	1,237,431	2,250,000
Transfers out	(83,997)	-	(27,754)	-	-	(645,649)	(757,400)	-
Payments for interest	-	-	-	-	-	(22,252)	(22,252)	-
Principal paid on interfund loans	-	-	-	-	-	(72,972)	(72,972)	-
Payments to other governmental units	-	(1,465)	-	(5,750)	-	-	(7,215)	-
Receipts from other governmental units	-	3,436	88,398	120,000	2,916,782	-	3,128,616	3,482
Principal paid on loans	-	-	-	(2,450,000)	-	-	(2,450,000)	-
Receipts for taxes	-	-	-	1,271,585	-	-	1,271,585	-
Net cash provided (used) by noncapital financing activities	<u>(83,997)</u>	<u>1,971</u>	<u>60,644</u>	<u>(1,064,165)</u>	<u>3,932,733</u>	<u>(519,393)</u>	<u>2,327,793</u>	<u>2,253,482</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Principal payment on bonds	(780,000)	(1,895,000)	-	(285,000)	-	(110,000)	(3,070,000)	-
Revenue bond issue revenue	6,040,000	-	-	-	-	-	6,040,000	-
Bond issue costs	(42,331)	-	-	-	-	-	(42,331)	-
Payments for interest	(650,546)	(331,013)	-	(418,988)	-	(12,547)	(1,413,094)	-
Principal payments on notes	(500,000)	-	-	-	-	-	(500,000)	-
Purchases of capital assets	(5,473,706)	(2,937,226)	(1,174,630)	-	(107,664)	(1,688,076)	(11,381,302)	(4,396,834)
Proceeds from the sale of capital assets	-	-	-	6,343,731	-	-	6,343,731	203,400
Principal paid on loans	(169,326)	(23,447)	-	-	-	-	(192,773)	-
Net cash provided (used) by capital financing activities	<u>(1,575,909)</u>	<u>(5,186,686)</u>	<u>(1,174,630)</u>	<u>5,639,743</u>	<u>(107,664)</u>	<u>(1,810,623)</u>	<u>(4,215,769)</u>	<u>(4,193,434)</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Proceeds from sales and maturity of investments	7,577,312	9,019,974	1,937,484	708,922	352,389	2,190,742	21,786,823	8,122,221
Purchase of investments	(13,386,716)	(14,134,362)	(2,678,091)	(5,150,528)	(1,264,016)	(1,842,300)	(38,456,013)	(11,437,110)
Interest and dividends received	734,529	829,740	170,575	258,630	79,532	173,918	2,246,924	685,231
Receipts of principal loan payments	-	-	-	-	-	-	-	6,377
Net cash provided (used) in investment activities	<u>(5,074,875)</u>	<u>(4,284,648)</u>	<u>(570,032)</u>	<u>(4,182,976)</u>	<u>(832,095)</u>	<u>522,360</u>	<u>(14,422,266)</u>	<u>(2,623,281)</u>
Net increase (decrease) in cash and equivalents	<u>(3,079,848)</u>	<u>(3,847,227)</u>	<u>(862,355)</u>	<u>103,591</u>	<u>(78,768)</u>	<u>(1,094,249)</u>	<u>(8,858,856)</u>	<u>(3,593,998)</u>
Cash and cash equivalents - beginning of year	<u>5,792,720</u>	<u>6,711,611</u>	<u>1,405,081</u>	<u>940,184</u>	<u>334,926</u>	<u>1,467,598</u>	<u>16,652,120</u>	<u>5,911,775</u>
Cash and cash equivalents - end of year	<u>2,712,872</u>	<u>2,864,384</u>	<u>542,726</u>	<u>1,043,775</u>	<u>256,158</u>	<u>373,349</u>	<u>7,793,264</u>	<u>2,317,777</u>
Cash at end of year consists of								
Cash and cash equivalents	677,115	2,017,312	542,726	1,035,232	256,158	297,998	4,826,541	2,317,777
Restricted cash	<u>2,035,757</u>	<u>847,072</u>	<u>-</u>	<u>8,543</u>	<u>-</u>	<u>75,351</u>	<u>2,966,723</u>	<u>-</u>
Total cash at end of year	<u>\$ 2,712,872</u>	<u>\$ 2,864,384</u>	<u>\$ 542,726</u>	<u>\$ 1,043,775</u>	<u>\$ 256,158</u>	<u>\$ 373,349</u>	<u>\$ 7,793,264</u>	<u>\$ 2,317,777</u>

CITY OF BELLINGHAM
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008

Page 2 of 2

	Business-type Activities						Total	Governmental Activities Internal Service Funds
	Enterprise Funds							
	Water	Wastewater	Storm and Surface Water	Solid Waste	Medic One	Other Business-type Activities		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ 1,280,450	\$ 3,040,652	\$ 381,422	\$ (453,668)	\$ (3,276,150)	\$ 351,495	\$ 1,324,201	\$ (1,073,174)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:								
Depreciation	2,203,291	2,406,311	604,968	21,374	148,685	177,299	5,561,928	1,139,267
Other non-operating receipts	167,741	70,409	3,041	169,902	649	23,605	435,347	87,571
Accumulated long-term leave liability	(753)	(13,389)	3,480	-	-	(4,679)	(15,341)	214
Change in assets and liabilities:								
(Increase) decrease in accounts receivable other	(114,287)	(95,660)	(59,496)	105	73,033	121,763	(74,542)	38,009
(Increase) decrease in due from other governmental units	-	-	-	-	-	-	-	(3,709)
(Increase) decrease in inventory of supplies	-	-	-	-	-	-	-	170,300
(Increase) decrease in prepayments	(1,107)	-	-	-	-	-	(1,107)	-
Increase (decrease) in accounts payable	127,349	213,826	(130,046)	(28,493)	(17,959)	75,166	239,843	565,544
Increase (decrease) in revenues collected in advance	-	-	-	-	-	(1,923)	(1,923)	-
Increase (decrease) in due to other funds	(1,946)	(1,946)	(973)	-	-	(14,131)	(18,996)	-
Increase (decrease) in other accrued liabilities	22,895	(1,364)	17,344	1,769	-	4,217	44,861	45,213
Increase (decrease) in other fees and taxes	11,050	3,468	1,923	-	-	(21,017)	(4,576)	-
Increase (decrease) in other current liabilities	(39,750)	(171)	-	-	-	1,612	(38,309)	-
Net cash provided (used) by operating activities	<u>\$ 3,654,933</u>	<u>\$ 5,622,136</u>	<u>\$ 821,663</u>	<u>\$ (289,011)</u>	<u>\$ (3,071,742)</u>	<u>\$ 713,407</u>	<u>\$ 7,451,386</u>	<u>\$ 969,235</u>
Noncash investing activities:								
Net change in fair value of investments	176,787	175,100	30,587	93,039	20,810	11,313	507,636	132,349
Contributions from developers	904,227	775,405	551,959	-	-	-	2,231,591	-
Fleet donations	-	-	-	-	-	-	-	409,124
	<u>\$ 1,081,014</u>	<u>\$ 950,505</u>	<u>\$ 582,546</u>	<u>\$ 93,039</u>	<u>\$ 20,810</u>	<u>\$ 11,313</u>	<u>\$ 2,739,227</u>	<u>\$ 541,473</u>

CITY OF BELLINGHAM
Statement of Net Assets
Fiduciary Funds
December 31, 2008

	Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 1,317,278	\$ 93,633
Investments:		
Government securities	7,777,657	-
Employer receivable (net of allowance for uncollectibles)	119,488	-
Interfund receivables	2,391,776	-
Total assets	11,606,199	93,633
LIABILITIES		
Accounts payable	34,851	2,155
Accrued wages and benefits	66,048	-
Other liabilities	39,173	91,478
Total liabilities	140,072	93,633
NET ASSETS		
Held in trust for:		
pension benefits	\$ 11,466,127	\$ -

CITY OF BELLINGHAM
Statement of Changes in Net Assets
Fiduciary Funds
For the Year Ended December 31, 2008

	Pension Trust Funds
ADDITIONS	
Contributions:	
Taxes	\$ 1,711,597
Unclaimed property - auction	21,688
Employer	1,679,400
Total contributions	3,412,685
Investment income:	
Interest	458,389
Net appreciation (depreciation) in fair value	70,242
Total investment income	528,631
Total additions	3,941,316
DEDUCTIONS	
Benefits	2,608,881
Administration expense	5,707
Total deductions	2,614,588
Change in net assets held in trust for:	
Employees' pension benefits	1,326,728
Net assets - beginning	10,139,399
Net assets - ending	\$ 11,466,127



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**Notes to the Financial Statements
December 31, 2008
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NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Bellingham have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies and their application in Bellingham are described below.

I-A Reporting entity

The City of Bellingham was incorporated on July 29, 1904. It operates under the laws of the State of Washington applicable to a first class, home rule, Charter City with a mayor-council form of government.

The City is a general-purpose government and provides public safety, fire prevention, street improvement, parks and recreation, judicial administration, planning, economic development and general administrative services. The City owns and operates water and sewer systems, a golf course (currently operated by lessee), a museum, a library, a parking system, a cemetery and an aquatic facility. The City operates an ambulance service (medic one), police and fire dispatch centers that are jointly funded by local entities. The City's financial statements include all of these operations that are controlled by or are dependent on the City.

For financial reporting purposes, in conformance with GASB 14, the City of Bellingham considered for inclusion all governmental activities, organizations and functions for which the City is financially accountable. Relevant criteria for including an organization as a component unit within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether or not:

- The City appoints a voting majority of the organization's governing body and is able to impose its will on that organization
- There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City
- The organization is fiscally dependent on the City

The accompanying financial statements present the City and its component units, entities for which the City is considered financially accountable. The discretely presented component units are reported in separate columns in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the City.

Discretely presented component units -The Bellingham-Whatcom Public Facilities District (PFD) is included in the accompanying financial statements. The PFD, established in 2002, is a separate Washington municipal corporation and an independent taxing authority created under RCW 35.57, Bellingham Municipal Code Chapter 2.94 and Whatcom County Code Chapter 1.17. The PFD was created in order to receive a state sales tax rebate for the purpose of creating a regional center. The City, through an interlocal agreement with the PFD, provides administrative services and financial management. Separately issued financial statements can be obtained from the City of Bellingham at 210 Lottie, Bellingham, WA 98225.

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

The City contributes resources and shares managerial responsibility with other local governments in the Whatcom County Council of Governments.

The operations of the Bellingham School District are essentially conducted within the City's borders. It is a separate municipal corporation and no financial interdependency exists.

The governing authority for the Bellingham Housing Authority is appointed jointly by the Mayor and Whatcom County Executive. Accountability for this organization does not extend beyond making the appointments. The City has entered into loan agreements with the Housing Authority (see note V-B for details). Financial reports may be obtained by contacting the Housing Authority at 208 Unity Street, Bellingham, Washington 98225.

I-B Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. 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.

The statement of activities shows the degree that the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and some other items are reported as *general revenues*, not as program revenues.

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

The *2004 PFD/Civic Field LTGO bond fund* accounts for the resources accumulated and payments made for principal, interest and related costs on long-term general obligation debt of the 2004 LTGO improvement and refunding bond. The bond financed a portion of the cost of development of a regional center, improvements to the City-owned civic field complex and the refunding of the 1996 aquatic facility bonds.

The *LID special assessment fund* accounts for the resources accumulated and payments made for principal and interest and related costs on long-term general obligation debt of local improvement districts.

The government reports the following major proprietary funds:

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

The *storm and surface water fund* accounts for the activities of the utility. The primary source of revenue is a service charge for impervious surface runoff. Expenses are for construction,

improvements and maintenance of the City's storm water facilities, updates of the storm water master plan and acquisition of additional wetland and open space.

The *solid waste fund* accounts for litter compliance expenses and the operations of the Clean Green site where City and County residents bring grass, shrub and tree trimmings. This fund also accounts for remediation costs of cleaning up several landfill sites. The City has issued two general obligation bonds for the City's share of remediation costs to be repaid primarily by net revenues from the solid waste fund. These revenues are generated principally by tax revenues paid by the City's garbage contractor.

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

Pension trust funds account for the activities of the police pension funds and the firefighter's pension funds, which accumulate resources for pension benefit payments and post-employment health care benefits. They are accounted for in essentially the same manner as enterprise funds because of the need for determining periodic income of the trust.

Agency funds are custodial in nature and represent assets held in a trustee or agency capacity for others. These funds do not report results of operation. Agency funds consist of the guaranty deposit and school impact fee funds.

I-C Measurement focus, basis of accounting and financial statement presentation

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds report only assets and liabilities and have no

measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers all revenues except for grant revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues are considered available if they can be collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made. Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered measurable and available only when cash is received by the City.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include charge back of services, such as utilities or vehicle maintenance and charges for central administration. The City allocates indirect cost charges as reimbursement for services provided by the general fund in support of those functions based on levels of service provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. These charges are included in direct program expenses. Internal service fund activity is also eliminated to avoid duplicate activity in making the transition from the fund level financial statements to the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes, including those levied for specific programs.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of latecomers' fees intended to recover the cost of connecting new customers to the existing system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to spend restricted funds only when unrestricted amounts are insufficient or unavailable.

I-D Assets, liabilities and net assets or equity***Deposits and investments***

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

Investments for the City as well as for its component units are reported at fair value, based on the fair market value at fiscal year end. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. Investments are reported separately on the balance sheet. For purposes of the statement of cash flows, the City considers cash on hand and the state investment pools to be cash equivalents. Excess cash balances of all City funds are pooled and invested. The annual change in investment balances is shown net of "Proceeds from sales and maturity of investment securities" and "Purchase of investments" on the statement of cash flows.

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

- Library gift
- HUD grant funds
- Special assessment (LID) funds
- Guaranty deposit
- Clearing funds

Receivables and payables

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

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

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

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

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

Inventories and prepaid items

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

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

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

Restricted assets

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

Capital assets

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

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Capital assets are defined by the City as assets with an estimated useful life in excess of one year and individual cost for each asset category as follows:

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

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

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

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

Compensated absences

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

There is no liability for unpaid accumulated sick leave. The City policy is not to pay accumulated sick leave when employees separate from service. Sick leave may accumulate to a maximum of 1040 hours. Effective January 1, 1997 an optional sick leave cash out program was established for employees with accumulated banks of at least 50% of the maximum. These employees have the option of cashing out 24 to 48 hours of sick leave accumulated and not used in the twelve months prior to December 15 of each year. Employee banks will be reduced by the number of hours cashed out. If an employee's bank is at 960 hours or more, no reduction to their bank balance is made for cashed out hours.

Long-term obligations

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

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

Fund equity

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

NOTE II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

II-A Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between *fund balance - total governmental funds and net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The detail of this (\$28,916,242) difference is as follows:

Bonds (net of unamortized premium/discount), notes payable, governmental loans	\$ (23,914,028)
Special assessment bonds with governmental commitment (net of unamortized discount)	(514,485)
Accrued interest payable	(99,394)
Compensated absences	<u>(4,388,335)</u>
Net adjustment to decrease <i>net changes in fund balance - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (28,916,242)</u>

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

The governmental fund statement of revenues, expenditures and changes in fund balance includes a reconciliation between *net changes in fund balance - total governmental funds and changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The detail of this \$1,364,964 difference is as follows:

Accounts receivable	\$ 230,902
Deferred property taxes	(63,243)
Deferred assessments	(290,357)
Deferred notes	777,607
Net pension obligation	792,537
Accrued investment interest	<u>(82,482)</u>
Net adjustment to increase <i>net changes in fund balance - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 1,364,964</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The detail of this (\$261,163) difference is as follows:

Compensated absences	\$ (277,125)
Accrued interest on debt	<u>15,962</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (261,163)</u>

NOTE III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

III-A Budgetary information

Annual appropriated budgets are adopted for the general, special revenue and debt service funds on a basis consistent with generally accepted accounting principles (GAAP). Budgets are not adopted for the special assessment debt sub-funds of the debt service fund type. Capital project funds adopt budgets on an individual project basis. Proprietary and fiduciary funds are budgeted for management purposes only. National Council on Governmental Accounting Statement No. 1 does not require and the financial statements do not present, budgetary comparisons for proprietary or fiduciary fund types.

Annual appropriated budgets are adopted at the fund level. Legal budgetary control is established at the fund level, except for the general fund, which is at the department level. Subsidiary revenue and expenditure ledgers are used to compare the budgeted amounts with actual revenues and expenditures. As a management control device, the subsidiary ledgers monitor expenditures for individual functions and activities by object class. Appropriations for all funds lapse at year end.

The City’s budget procedures are mandated by RCW 35.33. On or before November 1, the Mayor submits a proposed budget to the City Council. This budget is based on priorities established by the Council and estimates provided by City departments during the preceding months. They are balanced with revenue estimates made by the Budget Manager. Council conducts public hearings on the proposed budget on or before the first Monday in December. The Council makes its adjustments to the proposed budget and adopts by ordinance a final balanced budget no later than December 31. Within 30 days of adoption, the final budget is available to the public.

The Mayor is authorized to transfer budgeted amounts between accounts. However, any revisions that alter the total expenditures of a fund or department within the general fund, or affect the number of authorized employee positions, salary ranges, hours or other conditions of employment must be approved by the City Council. The City Council may determine that it is in the best interest of the City to increase or decrease the appropriation for a particular fund or department. It must do so by ordinance approved by a simple majority after first holding public meetings providing the public the opportunity to speak.

Encumbrances are committed amounts for goods and services ordered or contracted. Encumbrances do not constitute expenditures or liabilities. The City reappropriates current year encumbrances in the following year as an amendment to the budget. Encumbrances outstanding as of December 31, 2008 were reappropriated in the following year by Ordinance 2009-04-012.

Encumbrances outstanding as of December 31, 2008

Fund type	Amount
General fund	\$ 972,000
Special revenue funds	12,290,637
Construction funds	121,481
Endowment funds	18,018
Enterprise funds	7,839,465
Internal service funds	1,264,733
Total encumbrances	\$ 22,506,334

III-B Deficit fund equity

As of December 31, 2008 the solid waste fund had deficit net assets of \$55,652. This is due to issuing bonds in 2005 to finance the City’s share of the environmental clean up by the Port of Bellingham, WA, of the Cornwall Avenue and Central Waterfront landfill sites in the amount of \$3.7 million and the Holly Street landfill site in the amount of \$1.5 million. These remediation expenses did not increase assets. The deficit will be eliminated as the bonds payable liability is reduced. The utility tax received by the solid

waste fund was increased from 7% to 11.5% effective May 1, 2005, in order to accommodate the debt service requirements for the projects funded from bond proceeds.

III-C Excess of expenditures over appropriations

There has been no material violation of finance related legal or contractual provisions in any major City fund.

NOTE IV. DETAILED NOTES ON ALL FUNDS

IV-A Deposits and investments

Deposits

The City's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (WPDPC). The FDIC insures the City's deposits up to \$100,000; the WPDPC covers amounts over \$100,000. Numbers in section IV-A are from the year-end GASB 31 report from the City's securities custodian and primary banker, U.S. Bank. These numbers may differ non-materially from the general ledger numbers in the statements.

(Note: The Bellingham Public Development Authority (BPDA) was created in 2008 as a discrete component unit requiring separate reporting.)

Total deposits and investments at December 31, 2008

Classification	City	Component units		Total
		Public Facilities District	Public Development Authority	
Investments at fair value	\$ 121,000,037	\$ 4,197,219	\$ 10,636	125,207,892
Petty Cash	36,825	100	-	36,925
Washington State Investment Pool	17,494,152	602,988	1,528	18,098,668
Cash in Bank	3,092,967	107,881	273	3,201,121
Total deposits and Investments	\$ 141,623,981	\$ 4,908,188	\$ 12,437	\$ 146,544,606

Investments

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

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

- General obligation bonds of a state other than the State of Washington and general obligation bonds of a local government of a state other than the State of Washington, which bonds have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency.
- State Investment Pool.
- Other investments authorized by law.

The City’s investments are in compliance with all applicable state investment laws and City investment policies.

The State Treasurer’s Office administers the Washington State Local Government Investment Pool (LGIP) authorized under Chapter 43.250 RCW. The LGIP operates in a manner consistent with the SEC Rule 2a-7. It is a \$6.8 billion dollar fund that invests money on behalf of over 600 cities, counties, colleges and special taxing districts. In its management of LGIP the State Treasurer adheres, at all times, to the principles appropriate for the prudent investment of public funds. In priority order, they are the safety of principal, the assurance of sufficient liquidity to meet cash flow demands and attainment of the highest possible yield within the constraints of the first two goals.

All investments are valued at fair value as of December 31, 2008. The fair value of the position in the LGIP is the same as the value of the pool shares. All of the City’s investments are defined as being insured or registered in the name of the City, or held by the City or by its agent in the City’s name.

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

Fair market value at December 31, 2008

Investment Type	City	Component Units		Total	Moody's rating
		Public Facilities District	Public Development Authority		
Federal Farm Credit Bank	\$ 19,705,759	\$ 683,549	\$ 1,733	\$ 20,391,041	Aaa
Federal Home Loan Bank	52,980,386	1,837,770	4,657	54,822,813	Aaa
Federal Home Loan Mtg Corp.	15,202,631	527,345	1,336	15,731,312	Aaa
Federal National Mortgage Assn	16,170,549	560,920	1,421	16,732,890	Aaa
Municipal Bonds	7,976,462	276,685	701	8,253,848	A1
Banker's Acceptances	4,132,288	143,340	363	4,275,991	A1
Certificate of Deposit	4,831,962	167,610	425	4,999,997	Unrated
Total Investments	\$ 121,000,037	\$ 4,197,219	\$ 10,636	\$ 125,207,892	
Rule 2a-7 like pools per GASB 31					
Washington State Investment Pool	17,494,152	602,988	1,528	18,098,668	Unrated
Total Investments and 2a-7 like pools	\$ 138,494,189	\$ 4,800,207	\$ 12,164	\$ 143,306,560	

Interest rate risk: To minimize risk of loss arising from interest rate fluctuations the City purchases a combination of short and longer term investments and staggers their maturities. City Investment Policy requires that unless matched to a specific cash flow (for Reserve and CIP funds); the City will not directly invest in securities maturing more than five years from the date of purchase. The City is in compliance with this policy. At year end, December 31, 2008 the overall average maturity for all of the City’s investments was 2.035 years. The average maturity of the basic investment categories of the City is as follows:

	Average maturity in years
Bank CD's & Banker's Acceptances	0.092
U.S. Government Agencies	2.631
Municipal Bonds	1.459
Rule 2a-7 like pools per GASB 31	0.003
Weighted average maturity of all investments	2.035

Credit risk: Per the City’s Investment Policy, “Safety of principal is the foremost objective of the City of Bellingham. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses in individual securities do not exceed the income generated from the remainder of the portfolio.” The City’s policy further states, “Investments shall be made with judgment and care—under circumstances then prevailing—which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.” Per RCW 39.59.020 state law requires that the City only invest in bonds which at the time of purchase have one of the three highest credit rating of a nationally recognized rating agency. Per RCW 39.59.030 state law requires that the City only invest in mutual funds with portfolios consisting of only United States government bonds or United States government bonds issued by federal agencies with average maturities of less than four years and possessing one of the four highest credit ratings of a nationally recognized rating agency. As noted above, all of the City’s investments are in Category 1 (except for funds in the Washington State Investment Pool and Bank Certificates of Deposit which are unrated) and carry the lowest amount of risk. The City’s investments and deposit accounts are in and have been in compliance with its own investment policy and all applicable state laws including RCW 36.29.020, as amended, and as limited by RCW 39.58.080, as amended, RCW’s 35.39.030, 39.59.020, 39.59.030, 39.60.010, 43.84.808 and 43.250.

Concentration of credit risk: Per the City’s Investment Policy the City is directed to “diversify its investments by security type and institution. With the exception of U.S. Treasury securities and the State Investment Pool, no more than 50% of the City’s total investment portfolio will be invested in a single security type or with a single financial institution.” The City is in compliance with this policy, all of the City’s investments are investments issues or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments.

Custodial credit risk: Custodial credit risk is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. For this reason per the City’s Investment Policy, “All security transactions, including collateral for repurchase agreements, entered into by the City of Bellingham shall be conducted on a delivery-verses-payment (DVP) basis. Securities will be held by a third party custodian designated by the Finance Director.” The City’s securities custodian is U.S. Bank Safe Keeping. The City is in compliance with its DVP and safe keeping policies. As stated at the beginning of this section, the City’s deposits and certificates of deposit are covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (WPDPC).

IV-B Receivables

Receivables as of yearend for the City’s individual major and nonmajor funds, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:			2004 PFD/		LID						Nonmajor	Total
	General	Street	HUD Grant	Civic Fid LTGO	special assess.	Water	Waste-water	Storm & surface water	Solid waste	Medic one	and other funds	
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 165,404	\$ 174,642	\$ 33,090	\$ 63,639	\$ 15,618	\$ 244,392	\$ 696,785
Taxes	297,260	-	-	-	-	-	-	-	-	-	142,538	439,798
Accounts	43,182	-	-	-	-	533,265	542,056	252,301	-	825,533	133,231	2,329,568
Special assmts	-	-	-	-	126,055	-	-	-	-	-	-	126,055
Due from other governments	599,238	1,225,166	365,486	-	-	-	464	48,655	13,377	-	436,264	2,688,650
Due from component units	-	-	-	8,845,000	-	-	-	-	-	-	2,800,000	11,645,000
Gross receivables	939,680	1,225,166	365,486	8,845,000	126,055	698,669	717,162	334,046	77,016	841,151	3,756,425	17,925,856
Less: allowance for uncollectibles	-	-	-	-	-	-	-	-	-	(321,281)	-	(321,281)
Net total receivables	\$ 939,680	\$ 1,225,166	\$ 365,486	\$ 8,845,000	\$ 126,055	\$ 698,669	\$ 717,162	\$ 334,046	\$ 77,016	\$ 519,870	\$ 3,756,425	\$ 17,604,575

As of December 31, 2008, \$25,664 of the special assessment receivable is delinquent.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Special assessments not yet due and notes and contracts receivable represent long-term debt agreements of the City. Taxes receivable are comprised of property taxes combined with utility taxes.

Deferred revenue reported in the governmental funds as of December 31, 2008

Deferred revenue:	General	Special revenue	Debt service	Permanent	Total
Delinquent property taxes receivable	\$297,259	\$85,649	\$9,192	\$8,524	\$400,624
Notes/contracts receivable	-	9,105,378	8,845,000	-	17,950,378
Special assessments not yet due	-	-	1,497,005	-	1,497,005
Total deferred revenue for governmental funds	\$297,259	\$9,191,027	\$10,351,197	\$8,524	\$19,848,007

IV-C Property taxes

RCW 84.55 is the governing legislation for property tax in the State of Washington. In 1997 the RCW was modified by Referendum No. 47 which allows the “banking” of unused levy capacity. The difference between the levy increase and the allowed maximum accumulates in a “bank.” Any, or all, of this bank may be added to future levies. For the 2008 tax levy the City’s bank was \$57,065.

In November 2001 the state voters approved Initiative 747, again modifying the RCW, reducing the maximum levy increase from 6% to 1%, or the Implicit Price Deflator (IPD), whichever is less. The IPD for 2008 was 2.08%. Council authorized a 1% increase for 2008.

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

- Increases in non-voted property taxes are limited to the lesser of 1% per year, or the IPD. Adjustments for new construction are excluded from this calculation. The 1% limitation may be exceeded by a “lid lift” if the levy is below the \$3.60 limit and is approved by a simple majority of the voters.
- The Washington State Constitution limits total regular property taxes to 1% of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1% limit.

The City's regular levy for 2008 was \$2.50892 per \$1,000, based on the 2008 assessed valuation of \$7,070,686,278, for a total regular levy of \$17,739,786. This amount includes the fire pension levy of \$.225 per \$1,000 for a total of \$1,590,904 and also the 2007 Greenways III levy lid lift, an additional \$.57493 per \$1,000, a total of \$4,065,150. Greenways III levy has a term of ten years.

Special levies approved by the voters are not subject to the limitations listed above. In 2008 the City levied an additional \$.05197 per \$1,000 to redeem and make interest payments on the 2001 UTGO fire station bonds for a total additional levy of \$363,370. The fire station bonds mature in 2011.

The 2006 Legislature passed Engrossed Second Substitute House Bill (E2SHB) 2673 creating the Local Infrastructure Financing Tool (LIFT) Demonstration Program. Bellingham was one-of-three selected local governments to utilize this form of tax increment financing to pay for public improvements within the Revenue Development Area (RDA). Incremental increases in revenue from local sales/use tax and property taxes generated within the RDA must be used to repay bonds used to finance public infrastructure improvements that encourage economic development in the RDA. Incremental revenue increases within the RDA and revenue from other local public sources will be used to match state money, which will be distributed through a local sales/use tax that is credited against the state’s sales/use tax. The property tax amount for the RDA LIFT was \$1,273 in 2008.

Taxes are levied annually in November for the next fiscal year beginning January 1, on property values listed with the County Assessor as of May 31. The Assessor establishes assessed values at 100% of fair

market value. A revaluation of all property is required at least once every four years. On January 1 of each year taxes become an enforceable lien against properties. Tax bills are mailed on February 15 and taxes are due in two equal installments on April 30 and October 31. The Whatcom County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Collections are distributed monthly on cumulative balances less than \$10,000, or weekly on balances exceeding \$10,000.

IV-D Capital assets

Capital asset activity for the year ended December 31, 2008 is summarized as follows:

Primary Government

Governmental activities:	Beginning balance 1/1/2008	Increases	Decreases	Ending balance 12/31/2008
Capital assets not depreciated:				
Land	\$ 103,535,610	\$ 9,077,176	\$ -	\$ 112,612,786
Construction in progress	31,946,582	12,089,457	20,595,686	23,440,353
Total assets not depreciated	135,482,192	21,166,633	20,595,686	136,053,139
Capital assets depreciated:				
Buildings	40,107,676	3,837,876	50,400	43,895,152
Improvements other than buildings	159,706,915	19,022,131	152,320	178,576,726
Machinery and equipment	18,380,254	5,781,789	1,512,691	22,649,352
Total assets being depreciated	218,194,845	28,641,796	1,715,411	245,121,230
Less accumulated depreciation for:				
Buildings	11,742,707	781,843	28,224	12,496,326
Improvements other than buildings	63,791,758	4,619,748	86,823	68,324,683
Machinery and equipment	9,158,216	1,342,236	1,282,856	9,217,596
Total accumulated depreciation	84,692,681	6,743,827	1,397,903	90,038,605
Total capital assets, net of accumulated depreciation	133,502,164	21,897,969	317,508	155,082,625
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 268,984,356</u>	<u>\$43,064,602</u>	<u>\$ 20,913,194</u>	<u>\$ 291,135,764</u>

	Beginning balance 1/1/2008	Increases	Decreases	Ending balance 12/31/2008
Business-type activities:				
Capital assets not depreciated:				
Land	\$ 33,846,347	\$ 3,757,444	\$ 5,753,952	\$ 31,849,839
Construction in progress	8,637,986	4,241,910	3,017,188	9,862,708
Total assets not depreciated	42,484,333	7,999,354	8,771,140	41,712,547
Capital assets depreciated:				
Buildings	92,552,992	-	-	92,552,992
Improvements other than buildings	173,324,322	8,350,860	-	181,675,182
Machinery and equipment	5,806,618	279,557	145,303	5,940,872
Total depreciated assets	271,683,932	8,630,417	145,303	280,169,046
Less accumulated depreciation for:				
Buildings	39,809,640	1,856,072	-	41,665,712
Improvements other than buildings	66,734,768	3,398,381	-	70,133,149
Machinery and equipment	2,491,580	307,475	142,308	2,656,747
Total accumulated depreciation	109,035,988	5,561,928	142,308	114,455,608
Total capital assets, net of accumulated depreciation	162,647,944	3,068,489	2,995	165,713,438
Total business-type activities capital assets, net accumulated depreciation	<u>\$205,132,277</u>	<u>\$ 11,067,843</u>	<u>\$ 8,774,135</u>	<u>\$ 207,425,985</u>
Governmental activities:				
General governmental				\$ 231,366
Public safety				592,460
Public works				4,110,657
Economic environment				639,294
Cultural and recreational				30,783
Internal service fund capital assets are charged to the various functions based on their usage of the assets				1,139,267
Total depreciation expense - governmental activities				<u>\$ 6,743,827</u>
Business-type activities:				
Cemetery				\$ 6,565
Water				2,203,291
Wastewater				2,406,311
Storm and surface water				604,968
Solid waste				21,374
Golf				33,881
Parking				104,566
Medic one				148,685
Development services				32,287
Total depreciation expense - business-type activities				<u>\$ 5,561,928</u>

Discretely presented component unit

Capital asset activity year ended December 31, 2008 is summarized as follows:

Bellingham-Whatcom Public Facilities District

	Beginning balance 1/1/2008	Increases	Decreases	Ending balance 12/31/2008
Capital assets not depreciated				
Land	\$ 1,329,860	\$ -	\$ -	\$ 1,329,860
Construction in progress	<u>4,393,927</u>	<u>12,693,437</u>	<u>-</u>	<u>17,087,364</u>
Total assets not depreciated	5,723,787	12,693,437	-	18,417,224
Capital assets depreciated:				
Buildings	4,069,247	-	-	4,069,247
Improvements other than buildings	<u>3,657,340</u>	<u>-</u>	<u>-</u>	<u>3,657,340</u>
Total assets being depreciated	7,726,587	-	-	7,726,587
Less accumulated depreciation for:				
Buildings	2,309,159	161,564	-	2,470,723
Improvements other than buildings	<u>182,249</u>	<u>96,429</u>	<u>-</u>	<u>278,678</u>
Total accumulated depreciation	2,491,408	257,993	-	2,749,401
Total capital assets, net of accumulated depreciation	<u>5,235,179</u>	<u>(257,993)</u>	<u>-</u>	<u>4,977,186</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 10,958,966</u>	<u>\$ 12,435,444</u>	<u>\$ -</u>	<u>\$ 23,394,410</u>

IV-E Interfund receivables, payables and transfers

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

Due to other funds and due from other funds result from goods issued, work performed, or services rendered to or for the benefit of another fund of the same government when cash is not immediately moved between the funds.

Interfund balances at December 31, 2008

	Interfund loans receivable	Interfund loans payable	Due from other funds	Due to other funds
General	\$ -	\$ 2,233,880	\$ 400,673	\$ -
HUD Grant Fund	-	-	-	250,673
Solid waste	-	-	-	150,000
Nonmajor governmental	-	-	130	49
Nonmajor enterprise	-	157,896	-	81
Fiduciary	<u>2,391,776</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total government-wide	\$ 2,391,776	\$ 2,391,776	\$ 400,803	\$ 400,803

The interfund loan receivable and payable balances shown above includes one loan that is not scheduled to be collected in the subsequent year.

- Firefighter’s pension fund made a \$700,000 loan to the golf course fund in 2000 for the purpose of remodeling the clubhouse. There is \$157,896 remaining on this loan at year end, \$80,424 will not be repaid in 2009.
- Firefighter’s pension fund made a \$2,250,000 loan to the general fund in 2008 for the purpose of buying new fire trucks. There is \$2,233,880 remaining on this loan at year end, \$2,073,535 will not be repaid in 2009.

Reconciliation of due to/from and interfund loans between governmental and enterprise funds

Due to general fund from enterprise funds	\$	(150,000)
Due to special revenue fund from enterprise funds	\$	(81)
Balance due to governmental funds from enterprise funds	\$	(150,081)

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 In	Transfers Out							Total
	General	Street	Nonmajor governmental	Water	Storm & surface water	Nonmajor enterprise		
General	\$ -	\$ -	\$ 121,090	\$ 11,000	\$ -	\$ 624,952	\$ 757,042	
Street	-	-	45,694	-	-	-	45,694	
HUD Grant	48,624	-	-	-	-	-	48,624	
2004 PFD/Civic Fld LTGO	-	-	638,103	-	-	-	638,103	
Nonmajor governmental	1,699,694	175,648	179,540	4,946	-	-	2,059,828	
Medic one	1,015,951	-	-	-	-	-	1,015,951	
Nonmajor enterprise	221,480	-	-	-	-	-	221,480	
Internal service	2,410,724	131,898	-	68,051	27,754	20,697	2,659,124	
Total	\$ 5,396,473	\$ 307,546	\$ 984,427	\$ 83,997	\$ 27,754	\$ 645,649	\$ 7,445,846	

The following significant transfer was made during 2008, but does not occur on a routine basis or was inconsistent with the activities of the fund making the transfer.

- *General fund* – In 2008 the general fund transferred \$2,250,000 to the fleet fund. The transfer was made from the fire department supplementing funding used to purchase new fire trucks.

IV-F Operating leases

The City leases three office space facilities, one storage unit, one off-site data servicing facility, and has three fiber optic agreements for bandwidth connectivity under non-cancelable operating lease agreements. Operating leases do not give rise to property rights or lease obligations and therefore the results of the lease agreements are not reflected in the City’s statement of net assets. Total operating lease expenditures for 2008 were \$234,488. Future minimum lease payments are summarized as follows:

Year ending December 31,	
2009	\$ 247,657
2010	46,537
2011	2,168
Total	\$ 296,362

IV-G Significant construction commitments

The City's outstanding significant construction commitments by fund type as of December 31, 2008, are summarized below:

Construction Commitments		
Governmental activities	\$	9,403,135
Enterprise activities		4,745,623
Total	\$	14,148,758

IV-H Long-term debt

General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

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

The original amount of general obligation bonds issued in prior years was \$40,845,000. No new general obligation bonds were issued in 2008. The City currently has eight outstanding general obligation bond issues.

1996 LTGO Roeder refunding bonds were issued May 1, 1996 in the amount of \$4,195,000. These bonds are tax exempt and the proceeds of this issue refunded the 1988 Roeder Avenue and 1992 Police bond issues. The 1988 Roeder Avenue bonds financed a portion of the construction of a connector on Roeder Avenue south to Chestnut Street. The 1992 Police bonds financed part of the cost of constructing new facilities and renovating existing facilities for the City's police department. The Roeder Avenue portion of this issue is financed from street fund revenues and will mature in 2008. The Police portion of the issue is financed from general fund revenues and will mature in 2012.

1999 LTGO Municipal Court bonds were issued May 15, 1999 in the amount of \$3,420,000. These bonds are tax exempt and the proceeds of this issue had two purposes, \$2,920,000 for the purchase and remodel of the City Hall Annex (Municipal Court building), and \$500,000 towards the construction of the new Harris Street Fire Station. The proceeds were deposited in accordance with the bond ordinance into the City Hall Annex construction fund and the Fire construction fund. These bonds are financed from general fund revenues and will mature in 2010.

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

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

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

from lease revenues received for the Sportsplex complex, a governmental activity and will mature in 2028.

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

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

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

General obligation bonds currently outstanding

Name of issuance	Purpose	Issue date	Maturity date	Interest rates	Debt outstanding
1996 LTGO Roeder refunding	Governmental activities	05/01/96	12/01/12	4.20 - 5.65%	\$ 1,210,000
1999 LTGO Municipal Court	Governmental activities	05/15/99	08/01/10	4.25 - 4.75%	1,025,000
2001 UTGO Fire bond	Governmental activities	04/01/01	12/01/11	4.00 - 4.40%	960,000
2002 LTGO Parking refunding	Business-type activities	08/08/02	10/01/12	3.74%	485,000
2004 LTGO Sportsplex acquisition	Governmental activities	02/05/04	12/01/28	2.00 - 4.625%	3,810,000
2004 LTGO PFD/Civic/Aquatic ref	Governmental activities	11/01/04	12/01/26	3.00 - 5.00%	14,360,000
2005 LTGO Solid Waste Series A	Business-type activities	12/08/05	12/01/25	4.15 - 5.40%	1,545,000
2005 LTGO Solid Waste Series B	Business-type activities	12/08/05	12/01/23	4.15 - 5.40%	6,325,000
Total general obligation bonds					\$ 29,720,000

Annual debt service requirements to maturity

Year ending December 31	Governmental activities			Business-type activities		
	Principal	Interest	Total requirements	Principal	Interest	Total requirements
2009	\$ 1,820,000	\$ 929,469	\$ 2,749,469	\$ 410,000	\$ 415,049	\$ 825,049
2010	1,935,000	857,401	2,792,401	435,000	396,145	831,145
2011	1,510,000	777,860	2,287,860	455,000	375,970	830,970
2012	1,245,000	719,355	1,964,355	480,000	354,762	834,762
2013	990,000	672,086	1,662,086	365,000	331,980	696,980
2014-2018	5,780,000	2,710,211	8,490,211	2,135,000	1,351,452	3,486,452
2019-2023	4,140,000	1,559,094	5,699,094	2,760,000	720,995	3,480,995
2024-2028	3,945,000	461,163	4,406,163	1,315,000	83,045	1,398,045
Total	\$ 21,365,000	\$ 8,686,639	\$ 30,051,639	\$ 8,355,000	\$ 4,029,398	\$ 12,384,398

Notes payable

Drake property note payable - the City issued a note for the acquisition of Big Rock Garden Nursery property on December 31, 1992. The note was issued in the amount of \$225,000 without an option for early redemption. This debt is for general governmental activities, financed from general fund revenues, and will mature in 2022.

Denke property note payable - the City entered into an agreement for the acquisition of watershed property on September 27, 2004. The note was issued in the amount of \$3,000,000 to be paid \$500,000 a year for four years and a final payment of \$1,000,000 to be paid in 2009. This purpose of this note is for a business-type activity and is financed through water fund revenues.

Notes payable debt currently outstanding

Name of issuance	Purpose	Issue Date	Maturity date	Interest rates	Debt outstanding
Drake property note payable	Governmental activities	12/31/92	12/31/22	7.00%	\$ 160,027
Denke property note payable	Business-type activities	9/27/04	12/15/09	-	1,000,000
Total notes payable debt					\$ 1,160,027

Annual debt service requirements to maturity

Year ending December 31	Governmental activities			Business-type activities		
	Principal	Interest	Total requirements	Principal	Interest	Total requirements
2009	\$ 6,983	\$ 10,981	\$ 17,964	\$ 1,000,000	\$ -	\$ 1,000,000
2010	7,487	10,476	17,963	-	-	-
2011	8,029	9,935	17,964	-	-	-
2012	8,609	9,354	17,963	-	-	-
2013	9,231	8,732	17,963	-	-	-
2014-2018	57,185	32,631	89,816	-	-	-
2019-2022	62,503	9,338	71,841	-	-	-
Total	\$ 160,027	\$ 91,447	\$ 251,474	\$ 1,000,000	\$ -	\$ 1,000,000

Government loans

The City has Public Work Trust Fund construction loan agreements with the State Department of Community Development. There are currently five Public Work Trust Fund loans and the original amount of loans entered into in prior years was \$6,632,309. Loans for governmental activity purposes are

financed through the street fund and loans for business-type activity purposes are financed through the water and wastewater funds.

Chuckanut PWTF loan was issued in June 1989 in the amount of \$593,809. The loan was authorized for a 20 year period with interest at 1%. The proceeds were deposited into the water fund for the purpose of replacing and upgrade an existing undersized water main along Chuckanut to Larabee Park for better water volume, pressure and quality. The loan is for a business type activity and matures in 2009.

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

Street Resurfacing PWTF loan was issued in 2002 through 2005 in amounts totaling \$2,975,000. The loan was authorized for a 20 year period with interest at .5%. The proceeds were deposited into the street fund for the purpose of street surface repaving throughout the city. The loan is for a governmental activity and matures in 2022.

Water Main Replacement PWTF loan was issued in 2002 through 2005 in amounts totaling \$1,938,000. The loan was authorized for a 20 year period with interest at .5%. The proceeds were deposited into the water fund for the purpose for the citywide water main replacement. The loan is for a business type activity and matures in 2022.

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

Government loan debt currently outstanding

Name of issuance	Purpose	Issue date	Maturity date	Interest rate	Debt Outstanding
Chuckanut PWTF loan	Business-type activities	07/25/89	07/01/09	1.00%	31,253
Silverbeach PWTF loan	Business-type activities	06/06/91	07/01/11	2.00%	70,342
Street Resurfacing PWTF loan	Governmental activities	07/25/02	07/01/22	0.50%	2,211,089
Water Main Repl PWTF loan	Business-type activities	07/25/02	07/01/22	0.50%	1,431,967
Middle Fork Div. PWTF loan	Business-type activities	11/30/06	07/01/26	0.50%	644,211
Total governmental loan debt					\$ 4,388,862

Annual debt service requirements to maturity

Year ending December 31	Total			Total		
	Principal	Interest	requirements	Principal	Interest	requirements
2009	157,935	11,055	168,990	192,773	12,100	204,873
2010	157,935	10,266	168,201	161,520	10,628	172,148
2011	157,935	9,476	167,411	161,520	9,469	170,989
2012	157,935	8,686	166,621	138,073	8,310	146,383
2013	157,935	7,897	165,832	138,073	7,619	145,692
2014-2018	789,675	27,639	817,314	690,364	27,742	718,106
2019-2022	631,739	7,897	639,636	588,081	10,483	598,564
2023-2026	-	-	-	107,369	1,074	108,443
Total	\$ 2,211,089	\$ 82,916	\$ 2,294,005	\$ 2,177,773	\$ 87,425	\$ 2,265,198

Special assessment bonds

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

Local Improvement District No. 1099 bonds were issued December 1, 1994 in the amount of \$4,447,020. These bonds are tax exempt and the proceeds of this issue were used to repay a loan incurred to finance the construction of full standard street improvements of approximately 10,000 linear feet between Northridge Way and Woburn Street. These bonds will mature in 2016.

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

Local Improvement District No. 1107/1108 bonds were issued December 1, 1997 in the amount of \$1,317,472. These bonds are tax exempt and the proceeds of this issue were used to finance projects including sewer related improvements in the Telegraph Road area and road related improvements in the Barkley Blvd. and Racine Street area. These bonds will mature in 2014.

Special assessment bonds currently outstanding

Name of issuance	Purpose	Issue date	Maturity date	Interest rates	Debt outstanding
LID 1099 Barkley	Governmental activities	12/01/94	12/01/16	4.90%-7.50%	\$ 85,000
LID 1106 Bakerview Road	Governmental activities	12/30/96	12/30/18	4.10%-6.00%	415,000
LID 1107-1108 Telegr/Brkly	Governmental activities	12/01/97	12/01/14	4.15%-5.65%	70,000
Total special assessment debt					\$ 570,000

Special assessment bonds are serial bonds but are called “yearly based on assessments received.” As of December 31, 2008 the City has called bonds ahead of the estimated schedule of redemption.

Estimated annual debt service requirements to maturity

Year ending December 31	Governmental activities		
	Principal	Interest	Total requirements
2009	\$ -	\$ 35,223	\$ 35,223
2010	-	35,223	35,223
2011	15,000	35,223	50,223
2012	55,000	34,383	89,383
2013	-	31,275	31,275
2014-2016	500,000	58,275	558,275
Total \$ 570,000 \$ 229,602 \$ 799,602			

Revenue bonds

The City also issued bonds where the government pledged income derived from the acquired or constructed assets to pay debt service. Revenue bonds are created by ordinance, adopted by the City Council and financed from enterprise fund revenues. The City currently has four revenue bonds and the original amount issued was \$36,280,000. The water/sewer revenue bonds are issued to finance capital projects and watershed property acquisitions. The City issued one new revenue bond in 2008.

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

2004 Water and Sewer Revenue Improvement and Refunding bonds were issued May 1, 2004 in the amount of \$10,690,000. These bonds are tax exempt and the proceeds of this issue had two purposes. \$4,545,000 was used to pay a portion of projects including the construction of a 2.5 million gallon reservoir with offsite piping, on the lower portion of King Mountain that will serve the south Cordata area, and preliminary engineering for five other transmission mains which include Yew Street, Meridian Street, Academy Road, June Road and 21st Street. \$6,145,000 was used to refund the remaining callable portion of the 1994 Water and Sewer Refunding bonds. The 1994 bonds were used for three purposes, to finance the water chlorination facility; refund outstanding bonds issued in 1979 for the Georgia-Pacific transmission line; refund the outstanding callable bonds for the 1990 bonds issued for the secondary treatment plant. The bonds are financed by business type activities and will mature in 2024.

2006 Water and Sewer Revenue bonds were issued June 15, 2006 in the amount of \$11,330,000. These bonds are tax exempt and the proceeds were used to finance projects including construction of improvements to the City’s water system and acquisition of real property in the Lake Whatcom Watershed in order to preserve water quality. The bonds are financed by business type activities and will mature in 2026.

2008 Water and Sewer Revenue bonds were issued August 21, 2008 in the amount of \$6,040,000. These bonds are tax exempt and the proceeds are being used to finance the acquisition of real property in the Lake Whatcom Watershed in order to preserve water quality, to pay the cost of other capital projects of the system that may be authorized by the Council and to pay cost of issuance of the bonds. The bonds are financed by business type activities and will mature in 2018.

Revenue bonds currently outstanding

Name of issuance	Purpose	Issue date	Maturity date	Interest rates	Debt outstanding
1999 Water/sewer refunding	Business-type activities	05/01/99	08/01/11	3.70%-4.60%	\$ 4,250,000
2004 Water/sewer impr & ref	Business-type activities	05/01/04	08/01/24	2.25%-5.00%	6,055,000
2006 Water/sewer revenue	Business-type activities	06/15/06	08/01/26	2.25%-5.00%	10,090,000
2008 Water/sewer revenue	Business-type activities	08/21/08	08/01/18	3.00%-4.25%	6,040,000
Total revenue bonds outstanding					\$ 26,435,000

Annual debt service requirements to maturity

Year ending December 31	Business-type activities		
	Principal	Interest	Total requirements
2009	\$ 2,775,000	\$ 1,076,464	\$ 3,851,464
2010	3,605,000	978,820	4,583,820
2011	3,755,000	843,465	4,598,465
2012	1,530,000	685,475	2,215,475
2013	1,590,000	628,700	2,218,700
2014-2018	7,855,000	2,164,975	10,019,975
2019-2023	3,580,000	799,265	4,379,265
2024-2026	1,745,000	257,599	2,002,599
Total	\$ 26,435,000	\$ 7,434,763	\$ 33,869,763

To service revenue debt, \$2,351,923 is available in the reserve accounts of the water and wastewater enterprise funds as of December 31, 2008 in compliance with applicable bond covenants.

Water and sewer revenue bond covenants require that revenue available for debt service (defined as operating and nonoperating revenues less expenses requiring payment to outside entities) exceed the annual debt payment of both principal and interest by a ratio of 1.25 times the maximum annual debt service (see statistical section). The City complies with bond covenants, maintaining a current ratio coverage of 3.06. There are numerous limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

In propriety funds, unamortized debt issue costs are recorded as deferred charges and bonds are displayed net of premium or discount; annual interest expense is decreased by amortization of debt premium and increased by the amortization of debt issue costs and discount.

Summary of changes in long-term liabilities for the year ending December 31, 2008

Debt type	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities					
Bonds payable:					
General obligation bonds	\$ 23,255,000	\$ -	\$ 1,890,000	\$ 21,365,000	\$ 1,820,000
Less deferred amounts:					
for issuance premiums	359,728	-	20,881	338,847	-
for issuance discounts	(175,460)	-	(14,525)	(160,935)	-
Special assessment bonds	925,000	-	355,000	570,000	-
with government commitment					
Less deferred amounts:					
for issuance discounts	(62,140)	-	(6,625)	(55,515)	-
Total bonds payable	24,302,128	-	2,244,731	22,057,397	1,820,000
Notes payable	166,539	-	6,512	160,027	6,983
Government loans	2,624,007	-	412,918	2,211,089	157,935
Claims and litigation	456,982	872,940	349,260	980,662	422,418
Compensated absences	4,242,206	349,278	1,606	4,589,878	3,515,238
Net pension obligation	67,953	1,305,298	1,093,128	280,123	-
Governmental activities long-term liabilities	<u>31,859,815</u>	<u>2,527,516</u>	<u>4,108,155</u>	<u>30,279,176</u>	<u>5,922,574</u>
Business-type activities					
Bonds payable:					
Revenue bonds	23,070,000	6,040,000	2,675,000	26,435,000	2,775,000
General obligation bonds	8,750,000	-	395,000	8,355,000	410,000
Less deferred amounts:					
for issuance premiums	134,638	87,448	29,245	192,841	-
for issuance discounts	(294,202)	(53,272)	(44,731)	(302,743)	-
Total bonds payable	31,660,436	6,074,176	3,054,514	34,680,098	3,185,000
Notes payable	1,500,000	-	500,000	1,000,000	1,000,000
Government loans	2,370,544	-	192,772	2,177,772	192,772
Compensated absences	589,061	20,522	33,294	576,289	478,179
Total business-type activities long-term liabilities	<u>\$ 36,120,041</u>	<u>\$ 6,094,698</u>	<u>\$ 3,780,580</u>	<u>\$ 38,434,159</u>	<u>\$ 4,855,951</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term and short-term liabilities are included as part of the above totals for governmental activities. At year end, long-term liabilities of \$49,664 and short-term liabilities of \$151,879 for internal service fund compensated absences are included in the above amounts. Also for the governmental activities, compensated absences are generally liquidated by the general fund.

The government-wide statement of net assets includes \$3,185,000 of long-term liabilities due within one year for business-type activities in bonds payable, net of unamortized premium/discount. The remaining amount of \$1,192,772 is displayed as other long-term liabilities in that section.

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

Discretely presented component unit

Bellingham-Whatcom Public Facilities District issued a limited sales tax obligation bond in the amount of \$9,995,000 on December 20, 2007. The issue funds a portion of the cost of constructing an Art and Children’s Museum and to pay 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 to pay costs of issuance of the Bonds. These bonds are financed by state sales tax rebate revenue and will mature in 2027.

Limited sales tax obligation bonds currently outstanding

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

Annual debt service requirements to maturity

Year ending December 31	Discretely presented component unit		
	Principal	Interest	Total requirements
2009	\$ -	\$ 409,173	\$ 409,173
2010	-	409,173	409,173
2011	-	409,173	409,173
2012	-	409,173	409,173
2013	-	409,173	409,173
2014-2018	210,000	2,045,862	2,255,862
2019-2023	4,085,000	1,711,212	5,796,212
2024-2027	5,700,000	655,984	6,355,984
Total	\$ 9,995,000	\$ 6,458,923	\$ 16,453,923

The PFD entered into an agreement with the City of Bellingham to borrow funds from the City’s 2004 LTGO PFD/Civic Field/Aquatic Refunding bond. Of the total \$16,375,000 bond issue, \$9,370,000 was for the PFD to fund the construction of the Art & Children’s Museum. The PFD pays the debt service costs on its portion of the bond. The PFD portion of the bond matures in 2026.

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

Limited sales tax obligation bonds currently outstanding

Name of issuance	Issue date	Maturity date	Interest rates	Debt outstanding
2004 City of Bellingham loan	11/01/04	12/01/26	3.00%-5.00%	8,845,000
2008 City of Bellingham loan	12/31/08	12/31/18	4.23%	2,800,000
Total bonds outstanding \$				11,645,000

Annual debt service requirements to maturity

Year ending December 31	Discretely presented component unit		
	Principal	Interest	Total requirements
2009	\$ 190,000.00	\$ 521,239	\$ 711,239
2010	210,000.00	515,539	725,539
2011	240,000.00	508,714	748,714
2012	265,000.00	501,514	766,514
2013	290,000.00	493,233	783,233
2014-2018	4,780,000	4,822,053	9,602,053
2019-2023	3,100,000	1,102,075	4,202,075
2024-2027	2,570,000	263,751	2,833,751
Total	\$ 11,645,000	\$ 8,728,118	\$ 20,373,118

Summary of long-term debt changes for the year ending December 31, 2008

Debt type	Beginning balance	Additions	Reductions	Ending balance	Due within one year
General obligation bonds	9,995,000	-	-	9,995,000	-
Less deferred amounts for issuance discounts	(40,983)	-	(2,049)	(38,934)	-
Total bonds payable	9,954,017	-	(2,049)	9,956,066	-
Notes payable	9,010,000	2,800,000	165,000	11,645,000	190,000
Compensated absences	4,455	3,010	2,680	4,785	2,946
Total long-term liabilities	<u>\$ 18,968,472</u>	<u>\$ 2,803,010</u>	<u>\$ 165,631</u>	<u>\$ 21,605,851</u>	<u>\$ 192,946</u>

IV-I Segment information

The City has one nonmajor enterprise fund that meets the criteria established for segment information. The water and wastewater funds are presented in the basic financial statements as major funds. The parking system operates parking facilities throughout the City. The covenants of the 2002 LTGO parking system refunding bond pledge the revenues of the parking system to pay the principal and interest on the bond.

Condensed statement of net assets

Assets:		
Current assets	\$	1,297,058
Capital assets		<u>5,766,814</u>
Total assets		<u><u>7,063,872</u></u>
Liabilities:		
Current		294,084
Long-term		<u>380,536</u>
Total liabilities		674,620
Net assets:		
Invested in capital assets, net of related debt		5,281,815
Restricted		32,536
Unrestricted		<u>1,074,901</u>
Total net assets	\$	<u><u>6,389,252</u></u>

Condensed statement of revenues, expenses and changes in net assets

Operating revenues (pledged against bond)	\$	2,285,357
Depreciation expense		(104,566)
Other operating expenses		<u>(1,070,893)</u>
Operating income		1,109,898
Nonoperating revenues (expenses):		
Investment earnings		95,396
Interest expense		(21,224)
Transfers out		<u>(645,649)</u>
Change in net assets		538,421
Beginning net assets		<u>5,850,831</u>
Ending net assets	\$	<u><u>6,389,252</u></u>

Condensed statement of cash flows

Net cash provided (used) by:		
Operating activities	\$	1,371,528
Noncapital financing activities		(667,901)
Capital and related financing activities		(1,678,492)
Investing activities		<u>394,935</u>
Net increase (decrease)		(579,930)
Beginning cash and cash equivalents		<u>750,520</u>
Ending cash and cash equivalents	\$	<u><u>170,590</u></u>

NOTE V. OTHER INFORMATION

V-A Risk management

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

The claims, litigation and property loss fund is the source for payment of third party claims and judgments, excess liability insurance premiums and property insurance premiums. Currently the City maintains commercial property insurance for fire and other hazards including limited earthquake and flood coverage on City properties having an estimated total replacement value of \$162 million in 2008 and \$162 million in 2009. The current policy includes a \$25 thousand deductible with a loss limit per occurrence of \$200 million (except for earthquake and flood). The City carries a \$0 deductible liability policy to cover emergency medical services, with a limit of \$1 million. During the current and preceding two years, no City property losses exceeded the City's insurance coverage. In 2008, a City fire station experienced a fire, resulting in a loss which is being adjusted under the property policy. During the current and preceding two years, no other property losses exceeded the deductible.

Departments of the City contribute premiums based on claims history, department size and other factors. The level of contributions is established to pay prior and current year claims and to provide a reserve for future losses, including catastrophic losses. For 2008 department contributions, judgments and settlements flowing into the fund totaled \$791,700. For this same year, the City purchased excess liability insurance with a retained self-insurance limit of \$1 million and \$10 million in policy limits. The City Council has established by ordinance a goal of \$5 million as the minimum amount to be made available to cover losses. There is a sub-limit for earthquake and flood of \$15 million.

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

The City has recorded in its financial statements all other material liabilities, including an estimate for all known claims liabilities. This estimate includes non-incremental claims adjustment expenses. In the opinion of management, the City's insurance policies and self insurance are adequate to pay all known or pending claims.

The unemployment compensation fund was established to reimburse the State of Washington Employment Security Department on a quarterly basis, for claims paid by them to former employees. State statutes mandate that most employers pay a tax or contribution to support the unemployment insurance system. No City department contributions were made in 2008. At December 31, 2008, the total estimated liability is \$90 thousand.

The worker's compensation fund is the source for payment of employee injury claims and other related costs. The City is self insured for this program and administers its claims by retaining the services of a Third Party Administrator. Currently, as selected in a 2006 competitive process, the City uses Eberle Vivian, Inc. for these services. Claims are administered within the guidelines established by the State of Washington. The workers' compensation program has reinsurance with a \$500 thousand per occurrence deductible.

Premiums are assessed to City departments based upon the number of hours worked by covered employees. Rates are revised annually to generate revenues sufficient to cover anticipated expenditures and provide a reserve for incurred but unreported future expenses. City department contributions for 2008 totaled \$590,451. The department contribution rates are based on an internal formula derived from

Washington State standard rates. In 2008 the City paid \$453,057 in claims (for claims incurred in 2008 and prior years) and \$263,726 in administrative and other costs related to the worker's compensation program.

The City has calculated its December 31, 2008 estimated liability for currently filed workers' compensation claims at \$368,381.

The health benefits fund is the source for payment of employee health care and related costs. Medical insurance for employees is provided through premium paid plans, purchased through the Association of Washington City's Employee Benefit Trust. Both the City and employees contribute to the cost of medical insurance premiums. Dental insurance benefits for non-uniformed employees are provided through the Association of Washington City's Employee Benefits Trust. The self-insured vision plan for non-uniformed employees is administered through an independent Third Party Administrator. For uniformed employees dental and vision insurance, the City provides funding to the employees' unions who purchase this insurance on behalf of the employees.

City departments pay monthly premiums to the health benefits fund to cover premiums paid to third parties, administrative overhead and other obligations. Department contributions for 2008 totaled \$8,232,959 for the medical program, \$1,234,891 for the dental program, \$51,492 for the vision program, and \$7,370 for the flexible benefit program. At December 31, 2008, \$1,503,919 was available for all purposes.

For all of the City's funds, claims expenditures and liabilities are accrued when the amount of that loss can be reasonably estimated. When the loss contingency is less likely, information is disclosed and net assets are reserved for an estimate of the possible loss.

**Changes in estimated claims liabilities,
probable and possible losses for the past two years**

Fund	Beginning liability	Current year claims and changes in estimates	Actual claims payments	Ending liability
Claims and litigation				
2006-2007	370,725	197,730	111,473	456,982
2007-2008	456,982	882,940	349,260	990,662

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

Estimated changes in reserves

Fund	Beginning reserve	Current year claims and changes in estimates	Actual claims payments	Ending reserve
Unemployment compensation				
2006-2007	75,000	68,752	68,752	75,000
2007-2008	75,000	75,940	60,940	90,000
Workers' compensation				
2006-2007	581,554	10,107	342,166	249,495
2007-2008	249,495	571,943	453,057	368,381

V-B Contingencies

Cleanup contingencies - The City of Bellingham (the City) has been named as a Potentially Responsible Party (PRP) (as that term is defined in the Model Toxics Control Act) by the Washington State Department of Ecology (DOE) with respect to several cleanup sites. Cleanup at these sites is in a variety

of stages, from no action to completion, with several at the remedial investigation phase. For most of these sites the City is eligible for, and has received or hopes to receive, matching funds from DOE for the cleanups. At several of the sites the City is not the only PRP and is in negotiation with the other PRPs as to each party's responsibility to fund the cleanup actions. The City has issued two general obligation bonds for the City's share of remediation costs to be repaid primarily by net revenues from the solid waste fund. These revenues are generated principally by tax revenues paid by the City's garbage contractor. The solid waste fund's projected cash flow indicates sufficient net revenue to repay the estimated principal and interest costs over a twenty-year period.

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

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

Bellingham-Whatcom Public Facilities (PFD) contingent loan agreement – The City of Bellingham has signed a contingent loan and bridge loan agreement (contract 2007-0552) with the PFD providing for three separate loans. The City made one of these three loans in 2008.

Contingent loan commitment for bonds - In 2007 the PFD issued \$9,995,000 of limited sales tax obligation bonds. The issue funds a portion of the cost of constructing an Art and Children's Museum and to pay 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 to pay costs of issuance of the Bonds. The contingent loan agreement provides that the City is to make a loan to the PFD in the event that the PFD is unable to timely provide for the payment of principal or interest on any of its Bonds.

Bridge loan – The Campaign for the Arts (CFA) has committed to raising \$4,000,000 for PFD projects. The City shall make a bridge loan to the PFD, at the PFD's request, in an amount up to the \$2,800,000 with a term of five years.

Home rehabilitation program loan guarantee - The City has an agreement with Key Bank of Washington to guarantee Bellingham Home Rehabilitation Program loans. The City is committed to reimburse the bank for 90% of the outstanding balance of defaulted program loans. At December 31, 2008 the outstanding balance of these loans are \$66,254 and the resultant contingent liability is \$59,629.

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

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

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

Affordable housing program - The City of Bellingham has made surplus land available to non-profit agencies and individuals as part of its affordable housing program. The City conveyed the properties by quit claim deeds conditioned by liens foreclosable as mortgages if the properties cease to be used for low-income housing. The City considers it improbable that these liens may be invoked in the future.

Executed agreements as of December 31, 2008

Fund	Agency	Initiated		Amount	
General fund	Alternatives to Hunger	May	2008	\$	150,000
Community development	Opportunity Council	December	1990		145,000
Community development	Bellingham Housing Authority	October	1991		46,000
General fund	Bellingham Housing Authority	October	1991		84,000
LID guaranty	Habitat for Humanity	June	1992		5,000
LID guaranty	Ted and Laurie Scherrer	July	1993		5,000
Total affordable housing agreements				\$	435,000

V-C Interlocal agreements

Whatcom Medic One

The City of Bellingham and Whatcom County have entered into an agreement to provide countywide basic and advanced life support ambulance service. The City operates and manages the service under advisement of a cooperative board composed of four City officials, three County officials and three officials from related associations. The City is responsible for setting fees, preparing annual budgets and providing accounting and reporting information. The County reviews this information for mutual acceptability.

In November 2005, Whatcom County voters approved a ballot proposition authorizing the County to collect 1/10th of one percent sales tax for the purposes of supporting countywide emergency medical and law enforcement services. 1/3rd of this new tax remains with the cities for law enforcement and 2/3rds of this new tax is remitted to the County to be used for countywide emergency medical services. The 2007 interlocal agreement between the County and City reflect a higher County monetary contribution, with the City matching this amount with an in-kind contribution of city resources assigned to provide reserve medic unit response. Per the interlocal agreement the contribution amounts stated for 2007 will increase at the rate of 1% per year. In 2008 Whatcom County contributed \$1,363,057 to Whatcom Medic One operations and the City contributed \$1,015,951. Beginning in 2007 the EMS sales tax is being used to fund the unfunded portion of Whatcom Medic One’s budget. In 2008 the EMS sales tax funded \$866,439 of Whatcom Medic One’s operations. Responsibility for legal liability is determined by the location to which an aid unit responds. In the event either party gives notice of termination, the City will pay the County its appropriate share of the appraised value of existing equipment. The City would continue to operate Whatcom Medic One within the City limits if the agreement were to expire. The City accounts for financial data in the medic one enterprise fund as required by contract.

What-Comm/Prospect Communications Center

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

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

The City operates and manages the communications centers under advisement of an administrative board composed of eight voting members and one nonvoting member. The voting members consist of three members from the County, three from the City, one representing County fire districts and one elected official to be selected by the other members. The City of Bellingham Fire Chief serves as the nonvoting member. The Administrative board has the authority to establish broad policy guidelines and for establishing the annual financial contributions to be made by the member jurisdictions. In 2008 the City contributed \$1,597,097 to the public safety dispatch fund as its share of operations, approximately 41% of total revenues.

V-D Employee retirement systems and pension plans

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380. The following disclosures are made pursuant to GASB Statements No. 27, Accounting for Pensions by State and Local Government Employers and No. 50, Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27.

Public Employees' Retirement System (PERS) Plans 1, 2 and 3*Plan description:*

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

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

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

PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual benefit is two percent of the average final compensation (AFC) per year of service, capped at 60 percent. (The AFC is based on the greatest compensation during any 24 eligible consecutive compensation months.) Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. The benefit is actuarially reduced to reflect the choice of a survivor option.

A cost-of living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, increased by three percent annually. Plan 1 members may also elect to receive an optional COLA amount that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service with an allowance of two percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Effective June 7, 2006, Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003.

Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or they may retire at age 55 with 10 years of service. Plan 3 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

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

There are 1,190 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2007:

Retirees and Beneficiaries Receiving Benefits	71,244
Terminated Plan Members Entitled to but not yet Receiving Benefits	26,583
Active Plan Members Vested	105,447
Active Plan Members Non-vested	52,575
Total	<u>255,849</u>

Funding policy:

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at six percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial 2 Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2008, were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	8.31%	8.31%	8.31%**
Employee	6.00%	5.45%	***

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

** Plan 3 defined benefit portion only.

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

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

		PERS Plan 1	PERS Plan 2	PERS Plan 3
2008	Employer	\$ 183,162	\$ 1,407,240	\$ 470,140
	Employee	151,711	935,033	426,825
2007	Employer	146,409	1,136,923	326,349
	Employee	151,807	751,277	374,215
2006	Employer	77,842	560,540	147,533
	Employee	152,433	525,870	318,870

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

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

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

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

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

<u>Term of service</u>	<u>Percent of final average</u>
20 or more years	2.0%
10 but less than 20 years	1.5%
5 but less than 10 years	1.0%

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of two percent of the FAS per year of service. The FAS is based on the highest consecutive 60 months. Plan 2 members who retire prior to the age of 53 receive reduced benefits. Benefits are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

There are 374 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2007:

Retirees and Beneficiaries Receiving Benefits	9,085
Terminated Plan Members Entitled to but not yet Receiving Benefits	633
Active Plan Members Vested	12,904
Active Plan Members Non-vested	3,708
Total	<u>26,330</u>

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. All employers are required to contribute at the level required by state law. The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the requirements of the Pension 1 Funding Council and the LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2008, were as follows:

	<u>LEOFF Plan 1</u>	<u>LEOFF Plan 2</u>
Employer*	0.16%	5.46%
Employee	0.00%	8.83%

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

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

		LEOFF Plan 1	LEOFF Plan 2
2008	Employer	\$ 1,999	\$ 1,104,947
	Employee	-	1,785,386
2007	Employer	2,697	927,388
	Employee	-	1,490,495
2006	Employer	3,597	785,997
	Employee	-	1,255,288

Firefighters Pension Fund/Police Officers Pension Fund

Plan description:

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

Membership and eligibility:

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

Firefighter plan membership as of December 31, 2008 consisted of 58 retirees and beneficiaries of which 52 were receiving benefits.

Police officer plan membership as of December 31, 2008 consisted of 34 retirees and beneficiaries of which 24 were receiving benefits.

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

Police officers' pension plan members are eligible for benefits after completing 25 years of service. A member is eligible for disability benefits if disabled for a minimum of 6 months. An individual becomes vested after 5 years of service. All members are fully vested.

Benefit obligations:

The City's obligation under the plans consists of paying full benefits, including payment to beneficiaries, for members who retired prior to March 1, 1970 and excess benefits over LEOFF for covered members who retired or will retire after March 1, 1970.

Pension benefits are tied to the current pay rates and/or the cost of living index. Benefits are calculated based on length of service (a percentage for each year of service) and on the final average salary (calculated over the last two years of credited service).

Each member in service on March 1, 1970, receives the greater of benefit payable under the LEOFF system and the benefits available under the old law. Where benefits under the old law exceed those under LEOFF, the excess benefits are paid by the pension fund of the City employing them on March 1, 1970.

There were no changes in benefit provisions in the current year.

Summary of significant accounting policies:

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

Investments:

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

Funding policy and contributions:

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

The firefighters' pension plan contributions for 2008 consisted of \$691,056 of City levied property tax, \$109,314 of state fire insurance premium tax, \$218,851 of investment earnings, and \$357,751 of employer contributions for an annual total contribution of \$1,376,972. Of these total contributions \$695,228 was paid out in pension benefits leaving \$681,744 toward funding the annual required contribution (ARC).

The police officers' pension plan contributions for 2008 consisted of \$21,688 of unclaimed property auction proceeds, \$186,223 of investment earnings, and \$43,127 of employer contributions for an annual total contribution of \$251,038. Of these total contributions \$176,456 was paid out in pension benefits leaving \$74,582 toward funding the annual required contribution (ARC).

Funding status and progress:

Actuarial valuations of these plans are performed every two years, with the most recent valuation being performed to determine the funded status as of December 31, 2008. The actuarial assumptions involving investment earnings and salary growth for both police officers' and firefighters' pension plans have been determined in accordance with the recommendation of the system's retained actuary. Under LEOFF, the benefit is adjusted after retirement in proportion to the change in the Consumer Price Index (CPI). Most adjustments are based on the change in salary for the rank the members held at retirement. The salaries are based on salary and benefits surveys collected by the Association of Washington Cities (AWC) for an upper-level police officer and firefighter. The CPI figures are for Urban Wage Earners and Clerical Worker, Seattle-Everett, Washington, which is the basis of LEOFF increases. The amortization period is "30 year closed" beginning January 1, 1997. As of December 31, 2008 there are 18 years remaining.

While assumptions are made regarding mortality, inflation and wage rates, our actuary presents a cash flow projection rather than an actuarial funding plan to liquidate any unfunded liabilities. The City uses this cash flow projection to budget annual amounts to transfer to these plans for benefits. The ARC is computed using the entry age normal cost method. Under this method the projected benefits are allocated on a level basis as a percentage of salary over the earnings of each individual between entry age and assumed exit age. The actuarial value of assets is the "fair market" value.

The following assumptions are used in the most current study:

- 5.5% investment return on present and future assets
- 4.0% per year salary inflation compounded annually
- CPI increases of 3.0% per year

As of December 31, 2008 the firefighters' pension plan is 64.5% funded and the police officers' pension plan is 145.9% funded.

The following schedules show elements of funding progress, annual costs and obligations, and 5-year trend information for the pension plans.

Schedule of funding progress for pension benefits

	Valuation date	Actuarial value of assets	Actuarial liabilities entry age	Unfunded actuarial liabilities (UAL)	Funded ratio
Firefighters'	12/31/2004	3,176,000	8,381,000	5,205,000	37.9%
	12/31/2006	3,512,000	8,204,000	4,692,000	42.8%
	12/31/2008	4,762,000	7,385,000	2,623,000	64.5%
Police Officers'	12/31/2004	1,298,000	2,626,000	1,328,000	49.4%
	12/31/2006	2,684,000	2,142,000	(542,000)	125.3%
	12/31/2008	3,216,000	2,205,000	(1,011,000)	145.9%

Annual cost and net pension obligation

	Firefighters'		Police Officers'	
	12/31/07	12/31/08	12/31/07	12/31/08
Annual required contribution (ARC)				
Amortization of UAL - beginning of year	\$ 353,442	\$ 353,442	\$ (40,800)	\$ (40,800)
Interest at end of year	19,439	19,439	(2,244)	(2,244)
Required contribution at end of year (ARC)	372,881	372,881	(43,044)	(43,044)
Interest on net pension obligation	(122,694)	(148,741)	(113,594)	(138,277)
Adjustment to net pension obligation	168,042	208,826	155,580	194,134
Annual pension cost (APC)	418,229	432,966	(1,058)	12,813
Employer contributions	(891,820)	(1,158,121)	(447,709)	(64,815)
Change in net pension obligation	(473,591)	(725,155)	(448,767)	(52,002)
Net pension obligation - beginning of year	(2,230,792)	(2,704,383)	(2,065,352)	(2,514,119)
Net pension obligation - end of year	\$ (2,704,383)	(3,429,538)	\$ (2,514,119)	\$ (2,566,121)

Five-year pension trend information

	Year ending	Annual pension cost (APC)	Contribution as a % of APC	Net pension obligation (NPO)
Firefighters'	12/31/04	\$ 395,330	121.3%	\$ (1,809,422)
	12/31/05	426,665	125.4%	(1,917,640)
	12/31/06	431,482	172.6%	(2,230,792)
	12/31/07	418,229	213.2%	(2,704,383)
	12/31/08	432,966	267.5%	(3,429,538)
Police Officers'	12/31/04	\$ 133,255	202.2%	\$ (696,549)
	12/31/05	112,829	158.4%	(762,494)
	12/31/06	113,955	1243.3%	(2,065,352)
	12/31/07	(1,058)	-42316.5%	(2,514,119)
	12/31/08	12,813	505.9%	(2,566,121)

V-E Post employment benefits other than pension benefit***LEOFF 1 Medical and Long-Term Healthcare Plans****Plan description:*

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

Membership and eligibility:

As of December 31, 2008 there are 136 LEOFF I employees and former employees of the City who have established membership after June 8, 1961 and before October 1, 1977. Of these 136 employees, 75 firefighters' and 49 police officers' currently meet the retirement eligibility requirements.

Benefit obligations:

The City's obligation under the plans consists of paying retired LEOFF I members' lifetime necessary medical and long-term care services not payable from some other source. The LEOFF I disability board designates the health care services and expenses to be covered for any sick or disabled member.

Summary of significant accounting policies:

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

Investments:

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

Funding policy:

The general fund is responsible for ensuring that the fund has adequate cash to pay its obligations each year. The medical care benefits are funded on a pay-as-you-go basis. The long-term care benefits are being pre-funded.

In 2008 the City provided medical coverage for LEOFF I retirees under the age of 65 through a health benefit plan purchased through the Association of Washington Cities (AWC). Post age 65 Medicare eligible retirees are covered by Medicare. The City reimburses the LEOFF I Medicare insurance premiums and also purchases a supplemental insurance plan through the AWC, with the City continuing to reimburse Medicare Part B premiums to Medicare eligible LEOFF I's. Through the LEOFF I disability board, the City also pays eligible usual and customary health care expenses in excess of those covered by the applicable insurance plan. The fixed AWC insurance premiums paid in 2008 were \$1,084 per month for retirees not enrolled in Medicare, \$753 per month for retirees enrolled in Medicare, and \$96 per month for Medicare Part B insurance for appropriate Medicare eligible retirees.

Medical care contributions and expenses:

The firefighters' medical plan contributions and expenses for 2008 were \$911,227 funded wholly by property tax.

The police officers' medical plan contributions and expenses for 2008 were \$633,029 funded wholly by employer contributions.

Post employment medical benefits paid in 2008

	Fire	Police	Total
Prescriptions	\$ 29,377	\$ 20,091	\$ 49,468
Rehabilitation equipment	10,607	18,091	28,698
Medical and hospital services	14,582	6,251	20,833
Medical insurance premiums	853,935	585,615	1,439,550
Administrative expenses	2,726	2,981	5,707
Total medical benefits	\$ 911,227	\$ 633,029	\$ 1,544,256

Long-term care contributions, expenses, and reserves:

The firefighters' long-term care expenses for 2008 were \$143,978 funded by \$181,901 in employer contributions and \$46,000 in investment earnings leaving \$83,923 toward funding the annual required contribution (ARC).

The police officers' long-term care expenses for 2008 were \$54,670 funded by \$463,592 in employer contributions and \$77,557 in investment earnings leaving \$486,479 toward funding the annual required contribution (ARC).

	Fire	Police	Total
2008	\$ 143,978	\$ 54,670	\$ 198,648

Funding status and progress:

Actuarial valuations of these plans are performed every two years, with the most recent valuation being performed to determine the funded status as of December 31, 2008. The actuarial assumptions involving investment earnings and salary growth for both police officers' and firefighters' long-term care plans have been determined in accordance with the recommendation of the system's retained actuary.

While assumptions are made regarding mortality, inflation and wage rates, our actuary presents a cash flow projection rather than an actuarial funding plan to liquidate any unfunded liabilities. The City uses this cash flow projection to budget annual amounts to transfer to these plans for benefits. The ARC is computed using the entry age normal cost method. Under this method the projected benefits are allocated on a level basis as a percentage of salary over the earnings of each individual between entry age and assumed exit age. The actuarial value of assets is the "fair market" value.

The following assumptions are used in the most current study:

- 5.5% investment return on present and future assets
- Long-term care expense inflation is assumed to be 4.5%
- Medical care expense inflation is assumed to be:
 - 10% for 2009
 - 9% for 2010
 - 8% for 2011
 - 7% for 2012
 - 6% for 2013 and future years

As of December 31, 2008 the firefighters' OPEB long-term care plan is 7.1% funded and the police officers' pension plan is 13.6% funded.

The following tables show elements of funding progress, costs and obligations, and 5-year trend information for the long-term care plans.

Schedule of funding progress for OPEB long-term care

	Valuation date	Actuarial value of assets	Actuarial liabilities entry age	Unfunded actuarial liabilities (UAL)	Funded ratio
Firefighters'	12/31/2006	1,228,000	21,255,000	20,027,000	5.8%
	12/31/2008	1,480,000	20,938,000	19,458,000	7.1%
Police Officers'	12/31/2006	1,298,000	15,500,000	14,202,000	8.4%
	12/31/2008	2,008,000	14,738,000	12,730,000	13.6%

Annual cost and net OPEB long-term care obligation

	OPEB Firefighters'		OPEB Police Officers'	
	12/31/2007	12/31/2008	12/31/2007	12/31/2008
Annual required contribution (ARC)				
Amortization of UAL - beginning of year	1,238,030	1,238,030	877,935	877,935
Interest at end of year	68,092	68,092	48,286	48,286
Required contribution at end of year (ARC)	1,306,122	1,306,122	926,221	926,221
Interest on net OPEB obligation	(11,811)	3,737	(17,042)	(7,764)
Adjustment to net OPEB obligation	14,201	(4,561)	20,491	9,476
Annual OPEB cost (AOC)	1,308,512	1,305,298	929,670	927,933
Employer contributions	1,025,822	1,093,128	760,982	1,096,621
Change in net OPEB obligation	282,690	212,170	168,688	(168,688)
Net OPEB obligation - beginning of year	(214,737)	67,953	(309,856)	(141,168)
Net OPEB obligation - end of year	67,953	280,123	(141,168)	(309,856)

2-year OPEB long-term care benefit trend information

	Year ending	Annual OPEB cost (AOC)	Contribution as % of AOC	Net OPEB obligation
Firefighters'	12/31/2007	1,308,512	78.40%	67,953
	12/31/2008	1,305,298	83.75%	280,123
Police Officers'	12/31/2007	929,670	81.86%	(141,168)
	12/31/2008	927,933	118.18%	(309,856)

The statement of net assets and the statement of changes in plan net assets for the trust funds are presented below with separation between the pension, medical care, and long-term care plans.

**Statement of Net Assets
Trust Funds
December 31, 2008**

	612a Firefighters' Pension	612b Firefighters' Medical Care	612c Firefighters' LT Care	613a Police Officers' Pension	613b Police Officers' Medical Care	613c Police Officers' LT Care	Total Trust Funds
ASSETS							
Cash and cash equivalents	\$ 346,467	\$ -	\$ 217,374	\$ 451,187	\$ -	\$ 302,250	\$ 1,317,278
Investments:							
Governments securities	2,069,030	-	1,260,079	2,756,501	-	1,692,047	7,777,657
Employer receivable	70,875	-	2,676	32,012	-	13,925	119,488
Interfund receivables	2,391,776	-	-	-	-	-	2,391,776
Total assets	<u>4,878,148</u>	<u>-</u>	<u>1,480,129</u>	<u>3,239,700</u>	<u>-</u>	<u>2,008,222</u>	<u>11,606,199</u>
LIABILITIES							
Accounts payable	24,248	-	-	10,603	-	-	34,851
Accrued employee benefits	52,386	-	-	13,662	-	-	66,048
Other liabilities	39,173	-	-	-	-	-	39,173
Total liabilities	<u>115,807</u>	<u>-</u>	<u>-</u>	<u>24,265</u>	<u>-</u>	<u>-</u>	<u>140,072</u>
NET ASSETS							
Held in trust for employees' benefi	4,762,341	-	1,480,129	3,215,435	-	2,008,222	11,466,127
Total net assets	<u>4,762,341</u>	<u>-</u>	<u>1,480,129</u>	<u>3,215,435</u>	<u>-</u>	<u>2,008,222</u>	<u>11,466,127</u>
Total liabilities and net assets	<u>\$ 4,878,148</u>	<u>\$ -</u>	<u>\$ 1,480,129</u>	<u>\$ 3,239,700</u>	<u>\$ -</u>	<u>\$ 2,008,222</u>	<u>\$ 11,606,199</u>

**Statement of Changes in Plan Net Assets
Trust Funds
December 31, 2008**

	612a Firefighters' Pension	612b Firefighters' Medical Care	612c Firefighters' LT Care	613a Police Officers' Pension	613b Police Officers' Medical Care	613c Police Officers' LT Care	Totals
ADDITIONS							
Contributions:							
Taxes	\$ 800,370	\$ 911,227	\$ -	\$ -	\$ -	\$ -	\$ 1,711,597
Auction proceeds	-	-	-	21,688	-	-	21,688
Employer	357,751	-	181,901	43,127	633,029	463,592	1,679,400
Total trust contributions	<u>1,158,121</u>	<u>911,227</u>	<u>181,901</u>	<u>64,815</u>	<u>633,029</u>	<u>463,592</u>	<u>3,412,685</u>
Investment income:							
Interest	195,997	-	46,000	138,835	-	77,557	458,389
Net increase in fair value of investments	22,854	-	-	47,388	-	-	70,242
Net investment income	<u>218,851</u>	<u>-</u>	<u>46,000</u>	<u>186,223</u>	<u>-</u>	<u>77,557</u>	<u>528,631</u>
Total additions	<u>1,376,972</u>	<u>911,227</u>	<u>227,901</u>	<u>251,038</u>	<u>633,029</u>	<u>541,149</u>	<u>3,941,316</u>
DEDUCTIONS							
Benefits	695,228	908,501	143,978	176,456	630,048	54,670	2,608,881
Administration expense	-	2,726	-	-	2,981	-	5,707
Total deductions	<u>695,228</u>	<u>911,227</u>	<u>143,978</u>	<u>176,456</u>	<u>633,029</u>	<u>54,670</u>	<u>2,614,588</u>
NET INCREASE							
Net change in net assets held in trust for employees' pension benefits	681,744	-	83,923	74,582	-	486,479	1,326,728
Net assets held in trust for employees' pension benefits, January 1, 2008	4,080,597	-	1,396,206	3,140,853	-	1,521,743	10,139,399
Net assets held in trust for employees' pension benefits, December 31, 2008	<u>\$ 4,762,341</u>	<u>\$ -</u>	<u>\$ 1,480,129</u>	<u>\$ 3,215,435</u>	<u>\$ -</u>	<u>\$ 2,008,222</u>	<u>\$ 11,466,127</u>

V-F Endowments

Greenways maintenance endowment fund – This endowment was created internally by ordinance 1998-02-004. In November 1997 the voters passed a ballot issue to levy increased property taxes in the amount of \$20,000,000 over nine years to provide funds for continuing acquisition, improvement and maintenance of current and future open space, greenways, parks, athletic fields, recreation facilities, trails and wetlands. The City created two funds to account for this levy. The first was the beyond greenways

fund with 90% of the levy property tax receipts, to be used for acquisition and development/improvement of property. The second was the beyond greenways endowment fund with 10% of the levy property tax receipts, interest earned but not yet needed for operation purposes and any principal donations that are intended to be kept in a nonexpendable trust.

On May 16, 2006 the voters passed a ballot issue authorizing the City to increase its regular property tax in the levy to \$2.49 per thousand (representing a continuation of \$.057 per thousand from the beyond greenways levy) of assessed valuation on all of the taxable property within the City, for collection in 2007 and to increase such levy for each of the nine succeeding years as allowed by RCW 84.55 to be used for the costs of parks, greenways, trail, and open space property acquisition, development, and maintenance. The City created the greenways III fund to account for 91% of the levy property tax receipts, to be used for acquisition and development/improvement of property. 9% of the levy property tax receipts, interest earned but not yet needed for operation purposes, are deposited into the endowment fund.

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

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

As of December 31, 2008 a total of \$2,707,065 in property taxes and donations has been receipted into the endowment fund. Interest in the amount of \$276,684 remains unspent.

Natural resource protect and restore fund – As a result of the Olympic Pipeline disaster occurring in June 1999, an agreement was reached in December 2003 between the City of Bellingham and the Department of Ecology, State of Washington, establishing an endowment fund to be used solely for (a) the purchase of conservation easements or (b) restoration of damaged ecological processes. Ordinance 2004-01-001 incorporated the agreement and its governing rules and regulations. The \$4,000,000 endowment was received December 16, 2003.

According to the terms of the agreement, the corpus (or original lump revenue) cannot be expended for fifty (50) years. Only the interest earned by that corpus or any other outside revenues received (such as donations) may be expended for (a) or (b) as defined above. As of December 31, 2008, interest in the amount of \$480,658 remains unspent.

The fund balance of the endowment fund is reflected in the governmental portion of the statement of net assets and the statement of activities. Washington State authorizes the spending of net appreciation on investments of endowments in RCW 24.44. Investments for the endowment funds meet the same criteria as other City funds. The City's investment risk is described in note IV-A.

V-G Restricted net assets

The government-wide statement of net assets reports \$62,505,973 of restricted net assets, of which \$17,285,040 is restricted by enabling legislation.

V-H New funds and closed funds

Fund 970 – In 2008 the City created a new fund for Bellingham Public Development Authority (BPDA) as a discreet component unit. The BPDA is a public corporation and was created through Ordinance 2008-05-047.

Fund 233 – In 2008 the City made the final payment on the PW Trust loan for Woburn Street and the debt service fund was closed.

Fund 234 – In 2008 the Talbot Co. chose to pay off the remaining balance on their CERB loan one year early. City made the final payment to the Department of Community, Trade and Economic Development and the debt service fund was closed.

Fund 614/615 – In 2008 the Firefighter's and police LT care funds were consolidated into fund 612/613 and fund 614/615 were closed.

V-I Prior period adjustments

In 2008 the telecommunication fund includes a prior period adjustment of \$293,170 for network equipment that was previously included in the prior year construction in progress (CIP) account. During 2007 the City changed its capital asset policy and increased its capitalization threshold amounts. Capital assets that were below the new thresholds were retired accordingly. Because the City classifies network equipment as standalone capital assets, the equipment in the telecommunication fund CIP does not meet the new threshold amounts.

In 2008 the City and PFD recorded an intergovernmental loan to the PFD as a \$9,010,000 prior period adjustment on the government wide statements. In 2004 the City issued the PFD/Civic Field/Aquatic Refunding LTGO bond. Of the total \$16,375,000 bond issuance, \$9,370,000 was allocated for the PFD to fund the construction of the Art & Children's Museum. Accordingly, the City has a written agreement with the PFD to pay the debt service costs on its portion of the bond.



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CITY OF BELLINGHAM
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2008

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,079,593	\$ 52,692	\$ 20,273	\$ 686,172	\$ 4,838,730
Investments	24,087,338	311,110	119,699	4,051,399	28,569,546
Receivable (net of allowance for uncollectibles)	522,295	9,192	-	8,524	540,011
Interfund receivables	130	-	-	-	130
Due from component units	-	-	-	2,800,000	2,800,000
Total assets	<u>28,689,356</u>	<u>372,994</u>	<u>139,972</u>	<u>7,546,095</u>	<u>36,748,417</u>
LIABILITIES					
Accounts payable	992,740	607	-	107,054	1,100,401
Accrued wages and benefits	150,396	-	-	-	150,396
Interfund payables	-	-	-	49	49
Other liabilities	91,600	-	-	-	91,600
Deferred revenue	85,649	9,192	-	8,524	103,365
Total liabilities	<u>1,320,385</u>	<u>9,799</u>	<u>-</u>	<u>115,627</u>	<u>1,445,811</u>
FUND BALANCE					
Reserved fund balance	-	-	-	6,673,126	6,673,126
Unreserved fund balance	27,368,971	363,195	139,972	757,342	28,629,480
Total fund balance	<u>27,368,971</u>	<u>363,195</u>	<u>139,972</u>	<u>7,430,468</u>	<u>35,302,606</u>
Total liabilities and fund balance	<u>\$ 28,689,356</u>	<u>\$ 372,994</u>	<u>\$ 139,972</u>	<u>\$ 7,546,095</u>	<u>\$ 36,748,417</u>

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2008

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES					
Taxes	\$ 7,332,798	\$ 366,105	\$ -	\$ 367,367	\$ 8,066,270
Intergovernmental revenue	3,543,221	-	-	-	3,543,221
Charges for services	1,772,000	202,059	120	-	1,974,179
Fines and forfeits	25	-	-	-	25
Miscellaneous revenues	<u>2,837,277</u>	<u>348,799</u>	<u>20,160</u>	<u>331,729</u>	<u>3,537,965</u>
Total revenues	<u>15,485,321</u>	<u>916,963</u>	<u>20,280</u>	<u>699,096</u>	<u>17,121,660</u>
EXPENDITURES					
Current:					
General government services	600,621	-	-	-	600,621
Public safety	4,339,603	-	-	-	4,339,603
Physical environment	1,200,747	-	-	367,812	1,568,559
Economic environment	3,684	-	-	-	3,684
Cultural and recreation	1,844,852	-	-	-	1,844,852
Debt service:					
Redemption of general long-term debt	-	1,734,430	-	-	1,734,430
Interest and other debt service cost	-	413,049	-	-	413,049
Capital outlay	<u>9,416,462</u>	<u>-</u>	<u>663,545</u>	<u>6,418</u>	<u>10,086,425</u>
Total expenditures	<u>17,405,969</u>	<u>2,147,479</u>	<u>663,545</u>	<u>374,230</u>	<u>20,591,223</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>(1,920,648)</u>	<u>(1,230,516)</u>	<u>(643,265)</u>	<u>324,866</u>	<u>(3,469,563)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	791,231	1,268,597	-	-	2,059,828
Transfers out	<u>(923,733)</u>	<u>-</u>	<u>(45,694)</u>	<u>(15,000)</u>	<u>(984,427)</u>
Total other financing sources (uses)	<u>(132,502)</u>	<u>1,268,597</u>	<u>(45,694)</u>	<u>(15,000)</u>	<u>1,075,401</u>
Net change in fund balances	(2,053,150)	38,081	(688,959)	309,866	(2,394,162)
Fund balances - beginning	<u>29,422,121</u>	<u>325,114</u>	<u>828,931</u>	<u>7,120,602</u>	<u>37,696,768</u>
Fund balances - ending	<u>\$ 27,368,971</u>	<u>\$ 363,195</u>	<u>\$ 139,972</u>	<u>\$ 7,430,468</u>	<u>\$ 35,302,606</u>



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SPECIAL REVENUE FUNDS**112 – Arterial Street Construction**

Responsible for upgrading arterial roadways. Recurring revenue comes from state shared fuel tax. Project funding is supplemented by street related grants. Established by Ordinance 7727.

113 – Paths & Trails Reserve

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

123 – Park Site Acquisition

Acquisition of land for parks, playgrounds, open space or greenbelts in areas deemed appropriate by the City Council. The source of revenue is a charge of \$50.00 per lot in subdivisions that do not dedicate or set aside property for park purposes. Established by Ordinance 8414.

124 – Technology Replacement and Reserve

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

125 – Capital Maintenance

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

126 – Library Gift

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

131 – Olympic Pipeline Incident

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

132 – Squalicum Park/Olympic

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

133 – Olympic Restoration

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

134 – Olympic-Whatcom Falls Park Addition

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

135 – Little Squalicum – Oeser Settlement

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

141 – First ¼% Real Estate Excise Tax

Proceeds from this tax fund construction, repair, replacement, rehabilitation, or improvement projects as authorized by RCW 82.46.010. Established by Ordinance 9270 and amended by Ordinance 10273.

142 – Second ¼% Real Estate Excise Tax

Proceeds from the second ¼% real estate tax are used solely for financing capital projects specified in a capital facilities plan element of the comprehensive plan as authorized by RCW 82.46.035. Established by Ordinance 1027.

151 – Police Federal Equitable Sharing

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

152 – Asset Forfeiture/Drug Enforcement

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

153 – Criminal Justice

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

160 – Public Safety Dispatch

Provides efficient communication services for Bellingham's police, fire and EMS units, and participating public safety agencies in the surrounding County. This separate fund facilitates reporting financial operations to user agencies and to the 911 Center's Board of Administration. Funded by user agencies. Established by Ordinance 9165.

172 – Beyond Greenway Levy

Funded by increased property tax of \$.57 per thousand of assessed valuation, to be collected over nine years, not to exceed \$20,000,000. Continues the acquisition, improvement and maintenance of greenways areas begun by the original greenway levy. Voter approved levy passed in 1997. The fund was established by Ordinance 1998-02-004.

173 – Greenway III Levy

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

177 – Park Impact Fee

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

178 – Sportsplex

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

180 – Tourism

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

CITY OF BELLINGHAM
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2008

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	<u>Arterial Street Construction</u>	<u>Paths and Trails Reserve</u>	<u>Park Site Acquisition</u>	<u>Technology Replacement and Reserve</u>	<u>Capital Maintenance</u>	<u>Library Gift</u>	<u>Olympic Pipeline Incident</u>	<u>Squalicum Park/Olympic</u>	<u>Olympic Restoration</u>	<u>Olympic- Whatcom Falls Park Addition</u>	<u>Little Squalicum Oeser Settlement</u>	<u>First 1/4% Real Estate Excise</u>
ASSETS												
Cash and cash equivalents	\$ 43,682	\$ 6,636	\$ 35,365	\$ 294,625	\$ 618,602	\$ 4,105	\$ 117,224	\$ 16,521	\$ 5,748	\$ 36,294	\$ 44,115	\$ 527,622
Investments	257,909	39,184	208,809	1,739,567	3,652,439	24,236	692,130	97,546	33,942	214,292	260,471	3,115,263
Receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-	-	-	-	-
Interfund receivables	-	-	-	-	-	-	-	-	49	-	-	81
Total assets	<u>301,591</u>	<u>45,820</u>	<u>244,174</u>	<u>2,034,192</u>	<u>4,271,041</u>	<u>28,341</u>	<u>809,354</u>	<u>114,067</u>	<u>39,739</u>	<u>250,586</u>	<u>304,586</u>	<u>3,642,966</u>
LIABILITIES												
Accounts payable	-	-	-	77,148	148,712	-	250	-	-	-	3,167	226,960
Accrued wages and benefits	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,148</u>	<u>148,712</u>	<u>-</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,167</u>	<u>226,960</u>
FUND BALANCE												
Unreserved fund balance	<u>301,591</u>	<u>45,820</u>	<u>244,174</u>	<u>1,957,044</u>	<u>4,122,329</u>	<u>28,341</u>	<u>809,104</u>	<u>114,067</u>	<u>39,739</u>	<u>250,586</u>	<u>301,419</u>	<u>3,416,006</u>
Total fund balance	<u>301,591</u>	<u>45,820</u>	<u>244,174</u>	<u>1,957,044</u>	<u>4,122,329</u>	<u>28,341</u>	<u>809,104</u>	<u>114,067</u>	<u>39,739</u>	<u>250,586</u>	<u>301,419</u>	<u>3,416,006</u>
Total liabilities and fund balance	<u>\$ 301,591</u>	<u>\$ 45,820</u>	<u>\$ 244,174</u>	<u>\$ 2,034,192</u>	<u>\$ 4,271,041</u>	<u>\$ 28,341</u>	<u>\$ 809,354</u>	<u>\$ 114,067</u>	<u>\$ 39,739</u>	<u>\$ 250,586</u>	<u>\$ 304,586</u>	<u>\$ 3,642,966</u>

CITY OF BELLINGHAM
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2008

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	Second 1/4% Real	Police Federal	Asset Forfeit/Drug Enforcement	Criminal Justice	Public Safety Dispatch	Beyond Greenway Levy	Greenway III Levy	Park Impact Fees	Sportsplex	Tourism	Total Nonmajor Special Revenue Funds
ASSETS											
Cash and cash equivalents	\$ 522,804	\$ 29,883	\$ 22,221	\$ 73,560	\$ 292,093	\$ 363,013	\$ 676,414	\$ 253,808	\$ 17,294	\$ 77,964	\$ 4,079,593
Investments	3,086,816	176,438	131,200	434,328	1,724,621	2,143,357	3,993,785	1,498,572	102,107	460,326	24,087,338
Receivable (net of allowance for uncollectibles)	109,448	-	-	2,996	384	328,128	81,339	-	-	-	522,295
Interfund receivables	-	-	-	-	-	-	-	-	-	-	130
Total assets	<u>3,719,068</u>	<u>206,321</u>	<u>153,421</u>	<u>510,884</u>	<u>2,017,098</u>	<u>2,834,498</u>	<u>4,751,538</u>	<u>1,752,380</u>	<u>119,401</u>	<u>538,290</u>	<u>28,689,356</u>
LIABILITIES											
Accounts payable	234,329	2,083	2,908	17,427	21,869	141,351	688	19,118	-	96,730	992,740
Accrued wages and benefits	-	-	-	-	150,396	-	-	-	-	-	150,396
Other liabilities	-	-	-	-	-	-	-	-	91,600	-	91,600
Deferred revenue	-	-	-	-	-	4,310	81,339	-	-	-	85,649
Total liabilities	<u>234,329</u>	<u>2,083</u>	<u>2,908</u>	<u>17,427</u>	<u>172,265</u>	<u>145,661</u>	<u>82,027</u>	<u>19,118</u>	<u>91,600</u>	<u>96,730</u>	<u>1,320,385</u>
FUND BALANCE											
Unreserved fund balance	<u>3,484,739</u>	<u>204,238</u>	<u>150,513</u>	<u>493,457</u>	<u>1,844,833</u>	<u>2,688,837</u>	<u>4,669,511</u>	<u>1,733,262</u>	<u>27,801</u>	<u>441,560</u>	<u>27,368,971</u>
Total fund balance	<u>3,484,739</u>	<u>204,238</u>	<u>150,513</u>	<u>493,457</u>	<u>1,844,833</u>	<u>2,688,837</u>	<u>4,669,511</u>	<u>1,733,262</u>	<u>27,801</u>	<u>441,560</u>	<u>27,368,971</u>
Total liabilities and fund balance	<u>\$ 3,719,068</u>	<u>\$ 206,321</u>	<u>\$ 153,421</u>	<u>\$ 510,884</u>	<u>\$ 2,017,098</u>	<u>\$ 2,834,498</u>	<u>\$ 4,751,538</u>	<u>\$ 1,752,380</u>	<u>\$ 119,401</u>	<u>\$ 538,290</u>	<u>\$ 28,689,356</u>

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

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	<u>Arterial Street Construction</u>	<u>Paths and Trails Reserve</u>	<u>Park Site Acquisition</u>	<u>Technology Replacement and Reserve</u>	<u>Capital Maintenance</u>	<u>Library Gift</u>	<u>Olympic Pipeline Incident</u>	<u>Squalicum Park/Olympic</u>	<u>Olympic Restoration</u>	<u>Olympic- Whatcom Falls Park Addition</u>	<u>Little Squalicum Oeser Settlement</u>	<u>First 1/4% Real Estate Excise</u>
REVENUES												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,270,386
Intergovernmental revenue	548,725	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-	20
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous revenues	20,051	2,084	12,209	111,414	229,672	29,131	221,580	4,815	900,730	12,530	16,054	301,484
Total revenues	<u>568,776</u>	<u>2,084</u>	<u>12,209</u>	<u>111,414</u>	<u>229,672</u>	<u>29,131</u>	<u>221,580</u>	<u>4,815</u>	<u>900,730</u>	<u>12,530</u>	<u>16,054</u>	<u>1,571,890</u>
EXPENDITURES												
Current:												
General government services	-	-	-	324,873	109,303	-	-	-	-	-	607	140,977
Public safety	-	-	-	-	64,038	-	-	-	-	-	-	85,000
Physical environment	-	-	-	-	244,559	-	74,388	-	881,800	-	-	-
Economic environment	-	-	-	-	3,684	-	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	92,361	28,819	-	-	-	-	44,179	410,335
Capital outlay	579,175	-	-	249,008	-	-	-	5,534	-	-	-	1,660,161
Total expenditures	<u>579,175</u>	<u>-</u>	<u>-</u>	<u>573,881</u>	<u>513,945</u>	<u>28,819</u>	<u>74,388</u>	<u>5,534</u>	<u>881,800</u>	<u>-</u>	<u>44,786</u>	<u>2,296,473</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,399)</u>	<u>2,084</u>	<u>12,209</u>	<u>(462,467)</u>	<u>(284,273)</u>	<u>312</u>	<u>147,192</u>	<u>(719)</u>	<u>18,930</u>	<u>12,530</u>	<u>(28,732)</u>	<u>(724,583)</u>
OTHER FINANCING SOURCES (USES)												
Transfers in	-	5,868	-	400,000	354,946	-	-	-	-	-	-	-
Transfers out	(179,540)	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(179,540)</u>	<u>5,868</u>	<u>-</u>	<u>400,000</u>	<u>354,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(189,939)	7,952	12,209	(62,467)	70,673	312	147,192	(719)	18,930	12,530	(28,732)	(724,583)
Fund balance - beginning	491,530	37,868	231,965	2,019,511	4,051,656	28,029	661,912	114,786	20,809	238,056	330,151	4,140,589
Fund balance - ending	<u>\$ 301,591</u>	<u>\$ 45,820</u>	<u>\$ 244,174</u>	<u>\$ 1,957,044</u>	<u>\$ 4,122,329</u>	<u>\$ 28,341</u>	<u>\$ 809,104</u>	<u>\$ 114,067</u>	<u>\$ 39,739</u>	<u>\$ 250,586</u>	<u>\$ 301,419</u>	<u>\$ 3,416,006</u>

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

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	<u>Second</u>	<u>Police</u>	<u>Asset</u>		<u>Public</u>	<u>Beyond</u>	<u>Greenway</u>	<u>Park</u>			<u>Total</u>
	<u>1/4% Real</u>	<u>Federal</u>	<u>Forfeit/Drug</u>	<u>Criminal</u>	<u>Safety</u>	<u>Greenway</u>	<u>III</u>	<u>Impact</u>			<u>Nonmajor</u>
	<u>Estate Excise</u>	<u>Equitable</u>	<u>Enforcement</u>	<u>Justice</u>	<u>Dispatch</u>	<u>Levy</u>	<u>Levy</u>	<u>Fees</u>	<u>Sportsplex</u>	<u>Tourism</u>	<u>Special Revenue</u>
											<u>Funds</u>
REVENUES											
Taxes	\$ 1,270,386	\$ -	\$ -	\$ -	\$ -	\$ 10,420	\$ 3,702,780	\$ -	\$ -	\$ 1,078,826	\$ 7,332,798
Intergovernmental revenue	150,692	60,981	-	259,963	2,199,042	323,818	-	-	-	-	3,543,221
Charges for services	165	-	-	-	1,597,698	620	-	173,497	-	-	1,772,000
Fines and forfeits	-	-	-	-	25	-	-	-	-	-	25
Miscellaneous revenues	220,013	10,241	159,809	28,170	94,009	158,785	197,967	73,799	8,707	24,023	2,837,277
Total revenues	<u>1,641,256</u>	<u>71,222</u>	<u>159,809</u>	<u>288,133</u>	<u>3,890,774</u>	<u>493,643</u>	<u>3,900,747</u>	<u>247,296</u>	<u>8,707</u>	<u>1,102,849</u>	<u>15,485,321</u>
EXPENDITURES											
Current:											
General government services	-	-	-	-	24,861	-	-	-	-	-	600,621
Public safety	-	25,000	77,769	17,996	4,069,800	-	-	-	-	-	4,339,603
Physical environment	-	-	-	-	-	-	-	-	-	-	1,200,747
Economic environment	-	-	-	-	-	-	-	-	-	-	3,684
Cultural and recreation	190,398	-	-	-	-	44,108	87,346	5,550	-	941,756	1,844,852
Capital outlay	2,303,784	-	13,087	227,419	31,102	1,536,712	2,431,306	379,174	-	-	9,416,462
Total expenditures	<u>2,494,182</u>	<u>25,000</u>	<u>90,856</u>	<u>245,415</u>	<u>4,125,763</u>	<u>1,580,820</u>	<u>2,518,652</u>	<u>384,724</u>	<u>-</u>	<u>941,756</u>	<u>17,405,969</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(852,926)</u>	<u>46,222</u>	<u>68,953</u>	<u>42,718</u>	<u>(234,989)</u>	<u>(1,087,177)</u>	<u>1,382,095</u>	<u>(137,428)</u>	<u>8,707</u>	<u>161,093</u>	<u>(1,920,648)</u>
OTHER FINANCING SOURCES (USES)											
Transfers in	-	-	-	-	30,417	-	-	-	-	-	791,231
Transfers out	(638,103)	-	-	-	-	-	-	-	-	(106,090)	(923,733)
Total other financing sources (uses)	<u>(638,103)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(106,090)</u>	<u>(132,502)</u>
Net change in fund balances	(1,491,029)	46,222	68,953	42,718	(204,572)	(1,087,177)	1,382,095	(137,428)	8,707	55,003	(2,053,150)
Fund balance - beginning	4,975,768	158,016	81,560	450,739	2,049,405	3,776,014	3,287,416	1,870,690	19,094	386,557	29,422,121
Fund balance - ending	<u>\$ 3,484,739</u>	<u>\$ 204,238</u>	<u>\$ 150,513</u>	<u>\$ 493,457</u>	<u>\$ 1,844,833</u>	<u>\$ 2,688,837</u>	<u>\$ 4,669,511</u>	<u>\$ 1,733,262</u>	<u>\$ 27,801</u>	<u>\$ 441,560</u>	<u>\$ 27,368,971</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Arterial Street Construction Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenue	\$ 537,428	\$ 537,428	\$ 548,725	\$ 11,297
Miscellaneous revenues	<u>52,644</u>	<u>52,644</u>	<u>20,051</u>	<u>(32,593)</u>
Total revenues	<u>590,072</u>	<u>590,072</u>	<u>568,776</u>	<u>(21,296)</u>
EXPENDITURES				
Capital outlay	<u>500,000</u>	<u>733,407</u>	<u>579,175</u>	<u>154,232</u>
Total expenditures	<u>500,000</u>	<u>733,407</u>	<u>579,175</u>	<u>154,232</u>
Excess (deficiency) of revenues over (under) expenditures	<u>90,072</u>	<u>(143,335)</u>	<u>(10,399)</u>	<u>132,936</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(179,540)</u>	<u>(179,540)</u>	<u>(179,540)</u>	<u>-</u>
Total other financing sources (uses)	<u>(179,540)</u>	<u>(179,540)</u>	<u>(179,540)</u>	<u>-</u>
Net change in fund balances	(89,468)	(322,875)	(189,939)	132,936
Fund balance - beginning	<u>206,131</u>	<u>487,730</u>	<u>491,530</u>	<u>3,800</u>
Fund balance - ending	<u>\$ 116,663</u>	<u>\$ 164,855</u>	<u>\$ 301,591</u>	<u>\$ 136,736</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Paths and Trails Reserve Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous revenues	\$ 979	\$ 979	\$ 2,084	\$ 1,105
Total revenues	<u>979</u>	<u>979</u>	<u>2,084</u>	<u>1,105</u>
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>979</u>	<u>979</u>	<u>2,084</u>	<u>1,105</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>5,500</u>	<u>5,500</u>	<u>5,868</u>	<u>368</u>
Total other financing sources (uses)	<u>5,500</u>	<u>5,500</u>	<u>5,868</u>	<u>368</u>
Net change in fund balances	6,479	6,479	7,952	1,473
Fund balance - beginning	<u>36,516</u>	<u>37,599</u>	<u>37,868</u>	<u>269</u>
Fund balance - ending	<u>\$ 42,995</u>	<u>\$ 44,078</u>	<u>\$ 45,820</u>	<u>\$ 1,742</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Park Site Acquisition Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 25,190	\$ 25,190	\$ -	\$ (25,190)
Miscellaneous revenues	<u>12,760</u>	<u>12,760</u>	<u>12,209</u>	<u>(551)</u>
Total revenues	<u>37,950</u>	<u>37,950</u>	<u>12,209</u>	<u>(25,741)</u>
EXPENDITURES				
Capital outlay	<u>25,190</u>	<u>211,239</u>	<u>-</u>	<u>211,239</u>
Total expenditures	<u>25,190</u>	<u>211,239</u>	<u>-</u>	<u>211,239</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,760</u>	<u>(173,289)</u>	<u>12,209</u>	<u>185,498</u>
Net change in fund balances	12,760	(173,289)	12,209	185,498
Fund balance - beginning	<u>99,923</u>	<u>230,316</u>	<u>231,965</u>	<u>1,649</u>
Fund balance - ending	<u>\$ 112,683</u>	<u>\$ 57,027</u>	<u>\$ 244,174</u>	<u>\$ 187,147</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Technology Replacement and Reserve Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous revenues	\$ 103,202	\$ 103,202	\$ 111,414	\$ 8,212
Total revenues	<u>103,202</u>	<u>103,202</u>	<u>111,414</u>	<u>8,212</u>
EXPENDITURES				
Current:				
General government services	75,182	76,519	324,873	(248,354)
Capital outlay	<u>443,500</u>	<u>946,406</u>	<u>249,008</u>	<u>697,398</u>
Total expenditures	<u>518,682</u>	<u>1,022,925</u>	<u>573,881</u>	<u>449,044</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(415,480)</u>	<u>(919,723)</u>	<u>(462,467)</u>	<u>457,256</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Total other financing sources (uses)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Net change in fund balances	(15,480)	(519,723)	(62,467)	457,256
Fund balance - beginning	<u>1,279,266</u>	<u>2,004,929</u>	<u>2,019,511</u>	<u>14,582</u>
Fund balance - ending	<u>\$ 1,263,786</u>	<u>\$ 1,485,206</u>	<u>\$ 1,957,044</u>	<u>\$ 471,838</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Capital Maintenance Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous revenues	\$ 321,986	\$ 321,986	\$ 229,672	\$ (92,314)
Total revenues	<u>321,986</u>	<u>321,986</u>	<u>229,672</u>	<u>(92,314)</u>
EXPENDITURES				
Current:				
General government services	510,000	1,582,994	109,303	1,473,691
Public safety	159,155	192,155	64,038	128,117
Physical environment	-	2,282,285	244,559	2,037,726
Economic environment	-	18,448	3,684	14,764
Culture and recreation	<u>88,000</u>	<u>218,127</u>	<u>92,361</u>	<u>125,766</u>
Total expenditures	<u>757,155</u>	<u>4,294,009</u>	<u>513,945</u>	<u>3,780,064</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(435,169)</u>	<u>(3,972,023)</u>	<u>(284,273)</u>	<u>3,687,750</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>365,000</u>	<u>365,000</u>	<u>354,946</u>	<u>(10,054)</u>
Total other financing sources (uses)	<u>365,000</u>	<u>365,000</u>	<u>354,946</u>	<u>(10,054)</u>
Net change in fund balances	(70,169)	(3,607,023)	70,673	3,677,696
Fund balance - beginning	<u>1,357,728</u>	<u>4,022,539</u>	<u>4,051,656</u>	<u>29,117</u>
Fund balance - ending	<u>\$ 1,287,559</u>	<u>\$ 415,516</u>	<u>\$ 4,122,329</u>	<u>\$ 3,706,813</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Library Gift Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous revenues	\$ 15,000	\$ 24,482	\$ 29,131	\$ 4,649
Total revenues	<u>15,000</u>	<u>24,482</u>	<u>29,131</u>	<u>4,649</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>15,000</u>	<u>27,161</u>	<u>28,819</u>	<u>(1,658)</u>
Total expenditures	<u>15,000</u>	<u>27,161</u>	<u>28,819</u>	<u>(1,658)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(2,679)</u>	<u>312</u>	<u>2,991</u>
Net change in fund balances	<u>-</u>	<u>(2,679)</u>	<u>312</u>	<u>2,991</u>
Fund balance - beginning	<u>28,814</u>	<u>27,827</u>	<u>28,029</u>	<u>202</u>
Fund balance - ending	<u>\$ 28,814</u>	<u>\$ 25,148</u>	<u>\$ 28,341</u>	<u>\$ 3,193</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Olympic Pipeline Incident Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous revenues	\$ 32,000	\$ 213,190	\$ 221,580	\$ 8,390
Total revenues	<u>32,000</u>	<u>213,190</u>	<u>221,580</u>	<u>8,390</u>
EXPENDITURES				
Current:				
Physical environment	<u>545,974</u>	<u>870,352</u>	<u>74,388</u>	<u>795,964</u>
Total expenditures	<u>545,974</u>	<u>870,352</u>	<u>74,388</u>	<u>795,964</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(513,974)</u>	<u>(657,162)</u>	<u>147,192</u>	<u>804,354</u>
Net change in fund balances	(513,974)	(657,162)	147,192	804,354
Fund balance - beginning	<u>655,512</u>	<u>657,162</u>	<u>661,912</u>	<u>4,750</u>
Fund balance - ending	<u>\$ 141,538</u>	<u>\$ -</u>	<u>\$ 809,104</u>	<u>\$ 809,104</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Squalicum Park/Olympic Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous revenues	\$ -	\$ -	\$ 4,815	\$ 4,815
Total revenues	<u>-</u>	<u>-</u>	<u>4,815</u>	<u>4,815</u>
EXPENDITURES				
Capital outlay	<u>98,343</u>	<u>108,828</u>	<u>5,534</u>	<u>103,294</u>
Total expenditures	<u>98,343</u>	<u>108,828</u>	<u>5,534</u>	<u>103,294</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(98,343)</u>	<u>(108,828)</u>	<u>(719)</u>	<u>108,109</u>
Net change in fund balances	<u>(98,343)</u>	<u>(108,828)</u>	<u>(719)</u>	<u>108,109</u>
Fund balance - beginning	<u>112,681</u>	<u>114,632</u>	<u>114,786</u>	<u>154</u>
Fund balance - ending	<u>\$ 14,338</u>	<u>\$ 5,804</u>	<u>\$ 114,067</u>	<u>\$ 108,263</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Olympic Restoration Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous revenues	\$ -	\$ 881,810	\$ 900,730	\$ 18,920
Total revenues	<u>-</u>	<u>881,810</u>	<u>900,730</u>	<u>18,920</u>
EXPENDITURES				
Current:				
Physical environment	-	881,810	881,800	10
Total expenditures	<u>-</u>	<u>881,810</u>	<u>881,800</u>	<u>10</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>18,930</u>	<u>18,930</u>
Net change in fund balances	-	-	18,930	18,930
Fund balance - beginning	<u>20,468</u>	<u>20,661</u>	<u>20,809</u>	<u>148</u>
Fund balance - ending	<u>\$ 20,468</u>	<u>\$ 20,661</u>	<u>\$ 39,739</u>	<u>\$ 19,078</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Olympic - Whatcom Falls Park Addition Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous revenues	\$ 10,750	\$ 10,750	\$ 12,530	\$ 1,780
Total revenues	<u>10,750</u>	<u>10,750</u>	<u>12,530</u>	<u>1,780</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,750</u>	<u>10,750</u>	<u>12,530</u>	<u>1,780</u>
Net change in fund balances	10,750	10,750	12,530	1,780
Fund balance - beginning	<u>255,369</u>	<u>236,364</u>	<u>238,056</u>	<u>1,692</u>
Fund balance - ending	<u>\$ 266,119</u>	<u>\$ 247,114</u>	<u>\$ 250,586</u>	<u>\$ 3,472</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Little Squalicum Oeser Settlement Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenue	\$ -	\$ 45,920	\$ -	\$ (45,920)
Miscellaneous revenues	<u>11,340</u>	<u>11,340</u>	<u>16,054</u>	<u>4,714</u>
Total revenues	<u>11,340</u>	<u>57,260</u>	<u>16,054</u>	<u>(41,206)</u>
EXPENDITURES				
Current:				
General government services	-	-	607	(607)
Culture and recreation	<u>1,652</u>	<u>343,514</u>	<u>44,179</u>	<u>299,335</u>
Total expenditures	<u>1,652</u>	<u>343,514</u>	<u>44,786</u>	<u>298,728</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,688</u>	<u>(286,254)</u>	<u>(28,732)</u>	<u>257,522</u>
Net change in fund balances	9,688	(286,254)	(28,732)	257,522
Fund balance - beginning	<u>19,084</u>	<u>327,984</u>	<u>330,151</u>	<u>2,167</u>
Fund balance - ending	<u>\$ 28,772</u>	<u>\$ 41,730</u>	<u>\$ 301,419</u>	<u>\$ 259,689</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
First 1/4% Real Estate Excise Tax Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Amounts</u>		Actual Amounts GAAP Basis	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,876,500	\$ 1,876,500	\$ 1,270,386	\$ (606,114)
Charges for services	-	-	20	20
Miscellaneous revenues	<u>207,376</u>	<u>207,376</u>	<u>301,484</u>	<u>94,108</u>
Total revenues	<u>2,083,876</u>	<u>2,083,876</u>	<u>1,571,890</u>	<u>(511,986)</u>
EXPENDITURES				
Current:				
General government services	60,000	137,839	140,977	(3,138)
Public safety	-	85,000	85,000	-
Culture and recreation	136,000	576,712	410,335	166,377
Capital outlay	<u>2,487,150</u>	<u>3,839,303</u>	<u>1,660,161</u>	<u>2,179,142</u>
Total expenditures	<u>2,683,150</u>	<u>4,638,854</u>	<u>2,296,473</u>	<u>2,342,381</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(599,274)</u>	<u>(2,554,978)</u>	<u>(724,583)</u>	<u>1,830,395</u>
Net change in fund balances	(599,274)	(2,554,978)	(724,583)	1,830,395
Fund balance - beginning	<u>2,075,114</u>	<u>4,110,834</u>	<u>4,140,589</u>	<u>29,755</u>
Fund balance - ending	<u>\$ 1,475,840</u>	<u>\$ 1,555,856</u>	<u>\$ 3,416,006</u>	<u>\$ 1,860,150</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Second 1/4% Real Estate Excise Tax Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,876,500	\$ 1,876,500	\$ 1,270,386	\$ (606,114)
Intergovernmental revenue	1,669,160	2,120,992	150,692	(1,970,300)
Charges for services	-	-	165	165
Miscellaneous revenues	<u>263,991</u>	<u>263,991</u>	<u>220,013</u>	<u>(43,978)</u>
Total revenues	<u>3,809,651</u>	<u>4,261,483</u>	<u>1,641,256</u>	<u>(2,620,227)</u>
EXPENDITURES				
Current:				
Culture and recreation	175,000	276,561	190,398	86,163
Capital outlay	<u>3,599,160</u>	<u>8,179,234</u>	<u>2,303,784</u>	<u>5,875,450</u>
Total expenditures	<u>3,774,160</u>	<u>8,455,795</u>	<u>2,494,182</u>	<u>5,961,613</u>
Excess (deficiency) of revenues over (under) expenditures	<u>35,491</u>	<u>(4,194,312)</u>	<u>(852,926)</u>	<u>3,341,386</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(638,152)</u>	<u>(638,152)</u>	<u>(638,103)</u>	<u>49</u>
Total other financing sources (uses)	<u>(638,152)</u>	<u>(638,152)</u>	<u>(638,103)</u>	<u>49</u>
Net change in fund balances	(602,661)	(4,832,464)	(1,491,029)	3,341,435
Fund balance - beginning	<u>706,884</u>	<u>4,940,286</u>	<u>4,975,768</u>	<u>35,482</u>
Fund balance - ending	<u>\$ 104,223</u>	<u>\$ 107,822</u>	<u>\$ 3,484,739</u>	<u>\$ 3,376,917</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Police Federal Equitable Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ 60,981	\$ 60,981
Miscellaneous revenues	<u>5,189</u>	<u>5,189</u>	<u>10,241</u>	<u>5,052</u>
Total revenues	<u>5,189</u>	<u>5,189</u>	<u>71,222</u>	<u>66,033</u>
EXPENDITURES				
Current:				
Public safety	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total expenditures	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(19,811)</u>	<u>(19,811)</u>	<u>46,222</u>	<u>66,033</u>
Net change in fund balances	(19,811)	(19,811)	46,222	66,033
Fund balance - beginning	<u>38,199</u>	<u>156,893</u>	<u>158,016</u>	<u>1,123</u>
Fund balance - ending	<u>\$ 18,388</u>	<u>\$ 137,082</u>	<u>\$ 204,238</u>	<u>\$ 67,156</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Asset Forfeiture/Drug Enforcement Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Amounts</u>		Actual Amounts GAAP Basis	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous revenues	\$ 62,000	\$ 62,000	\$ 159,809	\$ 97,809
Total revenues	<u>62,000</u>	<u>62,000</u>	<u>159,809</u>	<u>97,809</u>
EXPENDITURES				
Current:				
Public safety	82,701	94,701	77,769	16,932
Capital outlay	<u>18,000</u>	<u>38,919</u>	<u>13,087</u>	<u>25,832</u>
Total expenditures	<u>100,701</u>	<u>133,620</u>	<u>90,856</u>	<u>42,764</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(38,701)</u>	<u>(71,620)</u>	<u>68,953</u>	<u>140,573</u>
Net change in fund balances	(38,701)	(71,620)	68,953	140,573
Fund balance - beginning	<u>91,000</u>	<u>80,933</u>	<u>81,560</u>	<u>627</u>
Fund balance - ending	<u>\$ 52,299</u>	<u>\$ 9,313</u>	<u>\$ 150,513</u>	<u>\$ 141,200</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Criminal Justice Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenue	\$ 257,229	\$ 270,706	\$ 259,963	\$ (10,743)
Miscellaneous revenues	<u>18,000</u>	<u>18,000</u>	<u>28,170</u>	<u>10,170</u>
Total revenues	<u>275,229</u>	<u>288,706</u>	<u>288,133</u>	<u>(573)</u>
EXPENDITURES				
Current:				
Public safety	-	41,953	17,996	23,957
Capital outlay	<u>180,000</u>	<u>225,000</u>	<u>227,419</u>	<u>(2,419)</u>
Total expenditures	<u>180,000</u>	<u>266,953</u>	<u>245,415</u>	<u>21,538</u>
Excess (deficiency) of revenues over (under) expenditures	<u>95,229</u>	<u>21,753</u>	<u>42,718</u>	<u>20,965</u>
Net change in fund balances	95,229	21,753	42,718	20,965
Fund balance - beginning	<u>465,133</u>	<u>447,535</u>	<u>450,739</u>	<u>3,204</u>
Fund balance - ending	<u>\$ 560,362</u>	<u>\$ 469,288</u>	<u>\$ 493,457</u>	<u>\$ 24,169</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Public Safety Dispatch Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenue	\$ 2,239,470	\$ 2,239,470	\$ 2,199,042	\$ (40,428)
Charges for services	1,582,888	1,582,888	1,597,698	14,810
Fines and forfeits	-	-	25	25
Miscellaneous revenues	<u>73,716</u>	<u>73,716</u>	<u>94,009</u>	<u>20,293</u>
Total revenues	<u>3,896,074</u>	<u>3,896,074</u>	<u>3,890,774</u>	<u>(5,300)</u>
EXPENDITURES				
Current:				
General government services	55,000	55,000	24,861	30,139
Public safety	3,855,001	4,062,231	4,069,800	(7,569)
Capital outlay	<u>-</u>	<u>78,282</u>	<u>31,102</u>	<u>47,180</u>
Total expenditures	<u>3,910,001</u>	<u>4,195,513</u>	<u>4,125,763</u>	<u>69,750</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,927)</u>	<u>(299,439)</u>	<u>(234,989)</u>	<u>64,450</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>30,417</u>	<u>30,417</u>	<u>30,417</u>	<u>-</u>
Total other financing sources (uses)	<u>30,417</u>	<u>30,417</u>	<u>30,417</u>	<u>-</u>
Net change in fund balances	16,490	(269,022)	(204,572)	64,450
Fund balance - beginning	<u>1,646,926</u>	<u>2,033,803</u>	<u>2,049,405</u>	<u>15,602</u>
Fund balance - ending	<u>\$ 1,663,416</u>	<u>\$ 1,764,781</u>	<u>\$ 1,844,833</u>	<u>\$ 80,052</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Beyond Greenway Levy Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ -	\$ -	\$ 10,420	\$ 10,420
Intergovernmental revenue	-	834,786	323,818	(510,968)
Charges for services	1,304	1,304	620	(684)
Miscellaneous revenues	<u>99,357</u>	<u>99,357</u>	<u>158,785</u>	<u>59,428</u>
Total revenues	<u>100,661</u>	<u>935,447</u>	<u>493,643</u>	<u>(441,804)</u>
EXPENDITURES				
Current:				
Culture and recreation	30,238	124,866	44,108	80,758
Capital outlay	<u>1,157,000</u>	<u>4,052,994</u>	<u>1,536,712</u>	<u>2,516,282</u>
Total expenditures	<u>1,187,238</u>	<u>4,177,860</u>	<u>1,580,820</u>	<u>2,597,040</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,086,577)</u>	<u>(3,242,413)</u>	<u>(1,087,177)</u>	<u>2,155,236</u>
Net change in fund balances	(1,086,577)	(3,242,413)	(1,087,177)	2,155,236
Fund balance - beginning	<u>1,247,166</u>	<u>3,750,199</u>	<u>3,776,014</u>	<u>25,815</u>
Fund balance - ending	<u>\$ 160,589</u>	<u>\$ 507,786</u>	<u>\$ 2,688,837</u>	<u>\$ 2,181,051</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Greenway III Levy Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 3,641,000	\$ 3,641,000	\$ 3,702,780	\$ 61,780
Miscellaneous revenues	<u>74,407</u>	<u>74,407</u>	<u>197,967</u>	<u>123,560</u>
Total revenues	<u>3,715,407</u>	<u>3,715,407</u>	<u>3,900,747</u>	<u>185,340</u>
EXPENDITURES				
Current:				
Culture and recreation	56,562	256,562	87,346	169,216
Capital outlay	<u>3,627,186</u>	<u>6,493,609</u>	<u>2,431,306</u>	<u>4,062,303</u>
Total expenditures	<u>3,683,748</u>	<u>6,750,171</u>	<u>2,518,652</u>	<u>4,231,519</u>
Excess (deficiency) of revenues over (under) expenditures	<u>31,659</u>	<u>(3,034,764)</u>	<u>1,382,095</u>	<u>4,416,859</u>
Net change in fund balances	31,659	(3,034,764)	1,382,095	4,416,859
Fund balance - beginning	<u>-</u>	<u>3,264,043</u>	<u>3,287,416</u>	<u>23,373</u>
Fund balance - ending	<u>\$ 31,659</u>	<u>\$ 229,279</u>	<u>\$ 4,669,511</u>	<u>\$ 4,440,232</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Park Impact Fees Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Amounts</u>		Actual Amounts GAAP Basis	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 1,035,830	\$ 1,035,830	\$ 173,497	\$ (862,333)
Miscellaneous revenues	<u>30,000</u>	<u>30,000</u>	<u>73,799</u>	<u>43,799</u>
Total revenues	<u>1,065,830</u>	<u>1,065,830</u>	<u>247,296</u>	<u>(818,534)</u>
EXPENDITURES				
Current:				
Culture and recreation	20,000	20,000	5,550	14,450
Capital outlay	<u>1,400,000</u>	<u>2,453,795</u>	<u>379,174</u>	<u>2,074,621</u>
Total expenditures	<u>1,420,000</u>	<u>2,473,795</u>	<u>384,724</u>	<u>2,089,071</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(354,170)</u>	<u>(1,407,965)</u>	<u>(137,428)</u>	<u>1,270,537</u>
Net change in fund balances	(354,170)	(1,407,965)	(137,428)	1,270,537
Fund balance - beginning	<u>428,271</u>	<u>1,857,393</u>	<u>1,870,690</u>	<u>13,297</u>
Fund balance - ending	<u>\$ 74,101</u>	<u>\$ 449,428</u>	<u>\$ 1,733,262</u>	<u>\$ 1,283,834</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Sportsplex Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous revenues	\$ 12,176	\$ 12,176	\$ 8,707	\$ (3,469)
Total revenues	<u>12,176</u>	<u>12,176</u>	<u>8,707</u>	<u>(3,469)</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,176</u>	<u>12,176</u>	<u>8,707</u>	<u>(3,469)</u>
Net change in fund balances	12,176	12,176	8,707	(3,469)
Fund balance - beginning	<u>16,633</u>	<u>18,485</u>	<u>19,094</u>	<u>609</u>
Fund balance - ending	<u>\$ 28,809</u>	<u>\$ 30,661</u>	<u>\$ 27,801</u>	<u>\$ (2,860)</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Tourism Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 993,270	\$ 993,270	\$ 1,078,826	\$ 85,556
Miscellaneous revenues	<u>14,221</u>	<u>14,221</u>	<u>24,023</u>	<u>9,802</u>
Total revenues	<u>1,007,491</u>	<u>1,007,491</u>	<u>1,102,849</u>	<u>95,358</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>1,042,490</u>	<u>1,042,490</u>	<u>941,756</u>	<u>100,734</u>
Total expenditures	<u>1,042,490</u>	<u>1,042,490</u>	<u>941,756</u>	<u>100,734</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(34,999)</u>	<u>(34,999)</u>	<u>161,093</u>	<u>196,092</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(106,090)</u>	<u>(106,090)</u>	<u>(106,090)</u>	<u>-</u>
Total other financing sources (uses)	<u>(106,090)</u>	<u>(106,090)</u>	<u>(106,090)</u>	<u>-</u>
Net change in fund balances	(141,089)	(141,089)	55,003	196,092
Fund balance - beginning	<u>351,170</u>	<u>383,171</u>	<u>386,557</u>	<u>3,386</u>
Fund balance - ending	<u>\$ 210,081</u>	<u>\$ 242,082</u>	<u>\$ 441,560</u>	<u>\$ 199,478</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

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	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 8,387,270	\$ 8,387,270	\$ 7,332,798	\$ (1,054,472)
Intergovernmental revenue	4,703,287	6,049,302	3,543,221	(2,506,081)
Charges for services	2,645,212	2,645,212	1,772,000	(873,212)
Fines and forfeits	-	-	25	25
Miscellaneous revenues	<u>1,421,094</u>	<u>2,493,576</u>	<u>2,837,277</u>	<u>343,701</u>
Total revenues	<u>17,156,863</u>	<u>19,575,360</u>	<u>15,485,321</u>	<u>(4,090,039)</u>
EXPENDITURES				
Current:				
General government services	700,182	1,852,352	600,621	1,251,731
Public safety	4,121,857	4,501,040	4,339,603	161,437
Physical environment	545,974	4,034,447	1,200,747	2,833,700
Economic environment	-	18,448	3,684	14,764
Culture and recreation	1,564,942	2,885,993	1,844,852	1,041,141
Capital outlay	<u>13,535,529</u>	<u>27,361,016</u>	<u>9,416,462</u>	<u>17,944,554</u>
Total expenditures	<u>20,468,484</u>	<u>40,653,296</u>	<u>17,405,969</u>	<u>23,247,327</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,311,621)</u>	<u>(21,077,936)</u>	<u>(1,920,648)</u>	<u>19,157,288</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	800,917	800,917	791,231	(9,686)
Transfers out	<u>(923,782)</u>	<u>(923,782)</u>	<u>(923,733)</u>	<u>49</u>
Total other financing sources (uses)	<u>(122,865)</u>	<u>(122,865)</u>	<u>(132,502)</u>	<u>(9,637)</u>
Net change in fund balances	(3,434,486)	(21,200,801)	(2,053,150)	19,147,651
Fund balance - beginning	<u>11,137,988</u>	<u>29,211,318</u>	<u>29,422,121</u>	<u>210,803</u>
Fund balance - ending	<u>\$ 7,703,502</u>	<u>\$ 8,010,517</u>	<u>\$ 27,368,971</u>	<u>\$ 19,358,454</u>

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

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

222 – 1999 Municipal Court LTGO Bond

\$3,420,000 to purchase the city hall annex and remodel the facility for use as a municipal court. \$500,000 of this amount paid a portion of the costs on the Fairhaven fire station replacement. Established by Ordinance 1999-05-029.

223 – 1996 Refunding LTGO Bond

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

224 – 2004 Sportsplex LTGO Bond

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

231 – Drake Note

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

233 – PW Trust Fund Loan - Woburn Street

\$1,000,000 funding for Woburn Street improvements. Loan agreement PW 588-962-003. This loan was paid off in 2008.

234 – CERB Loans

Community Economic Revitalization Board (CERB) loans to aid in financing Hannegan and Woburn business parks. Authorized by Resolution 35-1985. This loan was paid off in 2008.

235 – PW Trust Fund Loan – Street Overlay

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

245 – Local Improvement District (LID) Guaranty

The guaranty fund assures that payments on individual LID's will be made on time if collections from district property holders are insufficient. Property in arrears is foreclosed and the proceeds deposited to the guaranty fund. The balance in the guaranty fund is maintained at twelve percent of the combined assessments in the LID funds. The LID guaranty fund was established by Ordinance 4764.

CITY OF BELLINGHAM
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2008

	2001	1999	1996	2004		PW		PW		Total
	Fire	Court	Refund	Sportsplex		Trust		Trust Loan		Nonmajor
	UTGO	LTGO	LTGO	LTGO	Drake	Loan	CERB	Street	LID	Debt
ASSETS	<u>Bond</u>	<u>Bond</u>	<u>Bond</u>	<u>Bond</u>	<u>Note</u>	<u>Woburn</u>	<u>Loans</u>	<u>Overlay</u>	<u>Guaranty</u>	<u>Funds</u>
Cash and cash equivalents	\$ 9,846	\$ -	\$ 45	\$ 3,274	\$ -	\$ -	\$ -	\$ -	\$ 39,527	\$ 52,692
Investments	58,131	-	264	19,333	-	-	-	-	233,382	311,110
Receivable (net of allowance for uncollectibles)	9,192	-	-	-	-	-	-	-	-	9,192
Total assets	<u>77,169</u>	<u>-</u>	<u>309</u>	<u>22,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>272,909</u>	<u>372,994</u>
LIABILITIES										
Accounts payable	303	-	304	-	-	-	-	-	-	607
Deferred revenue	9,192	-	-	-	-	-	-	-	-	9,192
Total liabilities	9,495	-	304	-	-	-	-	-	-	9,799
FUND BALANCE										
Unreserved fund balance	67,674	-	5	22,607	-	-	-	-	272,909	363,195
Total fund balance	67,674	-	5	22,607	-	-	-	-	272,909	363,195
Total liabilities and fund balance	<u>\$ 77,169</u>	<u>\$ -</u>	<u>\$ 309</u>	<u>\$ 22,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,909</u>	<u>\$ 372,994</u>

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2008

	2001	1999	1996	2004		PW		PW		Total
	Fire	Court	Refund	Sportsplex		Trust		Trust Loan		Nonmajor
	UTGO	LTGO	LTGO	LTGO	Drake	Loan	CERB	Street	LID	Debt
	Bond	Bond	Bond	Bond	Note	Woburn	Loans	Overlay	Guaranty	Service
										Funds
REVENUES										
Taxes	\$ 366,105	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 366,105
Charges for services	-	-	-	-	-	-	202,059	-	-	202,059
Miscellaneous revenues	6,635	-	47,661	265,297	-	-	15,559	-	13,647	348,799
Total revenues	<u>372,740</u>	<u>-</u>	<u>47,661</u>	<u>265,297</u>	<u>-</u>	<u>-</u>	<u>217,618</u>	<u>-</u>	<u>13,647</u>	<u>916,963</u>
EXPENDITURES										
Debt service:										
Redemption of general long-term debt	295,000	475,000	440,000	105,000	6,512	52,924	202,059	157,935	-	1,734,430
Interest and other debt service cost	53,709	69,213	90,846	159,897	11,451	529	15,559	11,845	-	413,049
Total expenditure:	<u>348,709</u>	<u>544,213</u>	<u>530,846</u>	<u>264,897</u>	<u>17,963</u>	<u>53,453</u>	<u>217,618</u>	<u>169,780</u>	<u>-</u>	<u>2,147,479</u>
Excess (deficiency) of revenues over (under) expenditure:	<u>24,031</u>	<u>(544,213)</u>	<u>(483,185)</u>	<u>400</u>	<u>(17,963)</u>	<u>(53,453)</u>	<u>-</u>	<u>(169,780)</u>	<u>13,647</u>	<u>(1,230,516)</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	-	544,213	483,188	-	17,963	53,453	-	169,780	-	1,268,597
Total other financing sources (uses)	<u>-</u>	<u>544,213</u>	<u>483,188</u>	<u>-</u>	<u>17,963</u>	<u>53,453</u>	<u>-</u>	<u>169,780</u>	<u>-</u>	<u>1,268,597</u>
Net change in fund balances	24,031	-	3	400	-	-	-	-	13,647	38,081
Fund balances - beginning	43,643	-	2	22,207	-	-	-	-	259,262	325,114
Fund balance - ending	<u>\$ 67,674</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 22,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,909</u>	<u>\$ 363,195</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
2001 Fire UTGO Bond Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Fund Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Taxes	\$ 350,000	\$ 350,000	\$ 366,105	\$ 16,105
Miscellaneous revenues	<u>6,620</u>	<u>6,620</u>	<u>6,635</u>	<u>15</u>
Total revenues	<u>356,620</u>	<u>356,620</u>	<u>372,740</u>	<u>16,120</u>
EXPENDITURES				
Debt service:				
Redemption of general long-term debt	295,000	295,000	295,000	-
Interest and other debt service cost	<u>53,830</u>	<u>53,830</u>	<u>53,709</u>	<u>121</u>
Total expenditures	<u>348,830</u>	<u>348,830</u>	<u>348,709</u>	<u>121</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,790</u>	<u>7,790</u>	<u>24,031</u>	<u>16,241</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	7,790	7,790	24,031	16,241
Fund balance - beginning	<u>20,366</u>	<u>43,331</u>	<u>43,643</u>	<u>312</u>
Fund balance - ending	<u>\$ 28,156</u>	<u>\$ 51,121</u>	<u>\$ 67,674</u>	<u>\$ 16,553</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
1999 Municipal Court LTGO Bond Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Fund Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service:				
Redemption of general long-term debt	475,000	475,000	475,000	-
Interest and other debt service cost	<u>69,638</u>	<u>69,638</u>	<u>69,213</u>	<u>425</u>
Total expenditures	<u>544,638</u>	<u>544,638</u>	<u>544,213</u>	<u>425</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(544,638)</u>	<u>(544,638)</u>	<u>(544,213)</u>	<u>425</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>544,638</u>	<u>544,638</u>	<u>544,213</u>	<u>(425)</u>
Total other financing sources (uses)	<u>544,638</u>	<u>544,638</u>	<u>544,213</u>	<u>(425)</u>
Net change in fund balances	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
1996 Refund LTGO Bond Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Fund Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous revenues	\$ 47,658	\$ 47,658	\$ 47,661	\$ 3
Total revenues	<u>47,658</u>	<u>47,658</u>	<u>47,661</u>	<u>3</u>
EXPENDITURES				
Debt service:				
Redemption of general long-term debt	440,000	440,000	440,000	-
Interest and other debt service cost	<u>90,968</u>	<u>90,968</u>	<u>90,846</u>	<u>122</u>
Total expenditures	<u>530,968</u>	<u>530,968</u>	<u>530,846</u>	<u>122</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(483,310)</u>	<u>(483,310)</u>	<u>(483,185)</u>	<u>125</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>483,310</u>	<u>483,310</u>	<u>483,188</u>	<u>(122)</u>
Total other financing sources (uses)	<u>483,310</u>	<u>483,310</u>	<u>483,188</u>	<u>(122)</u>
Net change in fund balances	-	-	3	3
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 5</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
2004 Sportsplex Acq. LTGO Bond Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Fund Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous revenues	\$ 265,228	\$ 265,228	\$ 265,297	\$ 69
Total revenues	<u>265,228</u>	<u>265,228</u>	<u>265,297</u>	<u>69</u>
EXPENDITURES				
Debt service:				
Redemption of general long-term debt	105,000	105,000	105,000	-
Interest and other debt service cost	<u>160,019</u>	<u>160,019</u>	<u>159,897</u>	<u>122</u>
Total expenditures	<u>265,019</u>	<u>265,019</u>	<u>264,897</u>	<u>122</u>
Excess (deficiency) of revenues over (under) expenditures	<u>209</u>	<u>209</u>	<u>400</u>	<u>191</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	209	209	400	191
Fund balance - beginning	<u>22,050</u>	<u>22,049</u>	<u>22,207</u>	<u>158</u>
Fund balance - ending	<u>\$ 22,259</u>	<u>\$ 22,258</u>	<u>\$ 22,607</u>	<u>\$ 349</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Drake Note Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Fund Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service:				
Redemption of general long-term debt	6,512	6,512	6,512	-
Interest and other debt service cost	<u>11,452</u>	<u>11,452</u>	<u>11,451</u>	<u>1</u>
Total expenditures	<u>17,964</u>	<u>17,964</u>	<u>17,963</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,964)</u>	<u>(17,964)</u>	<u>(17,963)</u>	<u>1</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>17,964</u>	<u>17,964</u>	<u>17,963</u>	<u>(1)</u>
Total other financing sources (uses)	<u>17,964</u>	<u>17,964</u>	<u>17,963</u>	<u>(1)</u>
Net change in fund balances	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
PW Trust Fund Loan - Woburn Street Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Fund Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service:				
Redemption of general long-term debt	52,924	52,924	52,924	-
Interest and other debt service cost	<u>530</u>	<u>530</u>	<u>529</u>	<u>1</u>
Total expenditures	<u>53,454</u>	<u>53,454</u>	<u>53,453</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(53,454)</u>	<u>(53,454)</u>	<u>(53,453)</u>	<u>1</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>53,454</u>	<u>53,454</u>	<u>53,453</u>	<u>(1)</u>
Total other financing sources (uses)	<u>53,454</u>	<u>53,454</u>	<u>53,453</u>	<u>(1)</u>
Net change in fund balances	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
CERB Loans Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Fund Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Charges for services	\$ 97,284	\$ 202,059	\$ 202,059	\$ -
Miscellaneous revenues	<u>15,559</u>	<u>15,559</u>	<u>15,559</u>	<u>-</u>
Total revenues	<u>112,843</u>	<u>217,618</u>	<u>217,618</u>	<u>-</u>
EXPENDITURES				
Debt service:				
Redemption of general long-term debt	97,284	202,059	202,059	-
Interest and other debt service cost	<u>15,559</u>	<u>15,559</u>	<u>15,559</u>	<u>-</u>
Total expenditures	<u>112,843</u>	<u>217,618</u>	<u>217,618</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
PW Trust Fund Loan - Street Overlay Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Fund Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>GAAP Basis</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service:				
Redemption of general long-term debt	157,935	157,935	157,935	-
Interest and other debt service cost	<u>11,846</u>	<u>11,846</u>	<u>11,845</u>	<u>1</u>
Total expenditures	<u>169,781</u>	<u>169,781</u>	<u>169,780</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(169,781)</u>	<u>(169,781)</u>	<u>(169,780)</u>	<u>1</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>169,781</u>	<u>169,781</u>	<u>169,780</u>	<u>(1)</u>
Total other financing sources (uses)	<u>169,781</u>	<u>169,781</u>	<u>169,780</u>	<u>(1)</u>
Net change in fund balances	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
LID Guaranty Fund
For the Year Ended December 31, 2008

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	<u>Budgeted Fund Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>GAAP Basis</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Miscellaneous revenues	\$ 33,374	\$ 33,374	\$ 13,647	\$ (19,727)
Total revenues	<u>33,374</u>	<u>33,374</u>	<u>13,647</u>	<u>(19,727)</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33,374</u>	<u>33,374</u>	<u>13,647</u>	<u>(19,727)</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	33,374	33,374	13,647	(19,727)
Fund balance - beginning	<u>261,802</u>	<u>257,419</u>	<u>259,262</u>	<u>1,843</u>
Fund balance - ending	<u>\$ 295,176</u>	<u>\$ 290,793</u>	<u>\$ 272,909</u>	<u>\$ (17,884)</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Nonmajor Debt Service Funds
For the Year Ended December 31, 2008

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	<u>Budgeted Fund Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Taxes	\$ 350,000	\$ 350,000	\$ 366,105	\$ 16,105
Charges for services	97,284	202,059	202,059	-
Miscellaneous revenues	<u>368,439</u>	<u>368,439</u>	<u>348,799</u>	<u>(19,640)</u>
Total revenues	<u>815,723</u>	<u>920,498</u>	<u>916,963</u>	<u>(3,535)</u>
EXPENDITURES				
Debt service:				
Redemption of general long-term debt	1,629,655	1,734,430	1,734,430	-
Interest and other debt service cost	<u>413,842</u>	<u>413,842</u>	<u>413,049</u>	<u>793</u>
Total expenditures	<u>2,043,497</u>	<u>2,148,272</u>	<u>2,147,479</u>	<u>793</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,227,774)</u>	<u>(1,227,774)</u>	<u>(1,230,516)</u>	<u>(2,742)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>1,269,147</u>	<u>1,269,147</u>	<u>1,268,597</u>	<u>(550)</u>
Total other financing sources (uses)	<u>1,269,147</u>	<u>1,269,147</u>	<u>1,268,597</u>	<u>(550)</u>
Net change in fund balances	41,373	41,373	38,081	(3,292)
Fund balance - beginning	<u>304,218</u>	<u>322,799</u>	<u>325,114</u>	<u>2,315</u>
Fund balance - ending	<u>\$ 345,591</u>	<u>\$ 364,172</u>	<u>\$ 363,195</u>	<u>\$ (977)</u>



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CAPITAL PROJECT FUNDS

341 – Civic Field Improvements

Created to account for the multi-year project to remodel and improve the civic field complex. The primary resources for the project are transfers from other funds and a general obligation bond issue. Established by Ordinance 2003-11-076.

CITY OF BELLINGHAM
Balance Sheet
Civic Field Improvement Fund
December 31, 2008

	<u>Civic Field Improvement</u>
ASSETS	
Cash and cash equivalents	\$ 20,273
Investments	<u>119,699</u>
Total assets	<u><u>139,972</u></u>
 LIABILITIES	
Total liabilities	<u>-</u>
 FUND BALANCE	
Unreserved fund balance	<u>139,972</u>
Total fund balance	<u>139,972</u>
Total liabilities and fund balance	<u><u>\$ 139,972</u></u>

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Civic Field Improvement Fund
For the Year Ended December 31, 2008

	Civic Field Improvement
REVENUES	
Charges for services	\$ 120
Miscellaneous revenues	<u>20,160</u>
Total revenues	<u>20,280</u>
 EXPENDITURES	
Capital outlay	<u>663,545</u>
Total expenditures	<u>663,545</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(643,265)</u>
 OTHER FINANCING SOURCES (USES)	
Transfers out	<u>(45,694)</u>
Total other financing sources (uses)	<u>(45,694)</u>
Net change in fund balances	(688,959)
Fund balance - beginning	<u>828,931</u>
Fund balance - ending	<u><u>\$ 139,972</u></u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Civic Field Improvement Fund
From Inception and For the Year Ended December 31, 2008

	<u>Project Authorized</u>	<u>Prior Years' Actual</u>	<u>Current Year Actual</u>	<u>Total To Date Actual</u>
REVENUES				
Intergovernmental revenue	\$ -	\$ 42,062	\$ -	\$ 42,062
Charges for services	1,000	3,660	120	3,780
Miscellaneous revenues	<u>42,302</u>	<u>526,491</u>	<u>20,160</u>	<u>546,651</u>
Total revenues	<u>43,302</u>	<u>572,213</u>	<u>20,280</u>	<u>592,493</u>
EXPENDITURES				
Current:				
Culture and recreation	48,800	95	-	95
Debt service:				
Interest and other debt service cost	90,567	87,145	-	87,145
Capital outlay	<u>13,988,555</u>	<u>11,136,143</u>	<u>663,545</u>	<u>11,799,688</u>
Total expenditures	<u>14,127,922</u>	<u>11,223,383</u>	<u>663,545</u>	<u>11,886,928</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,084,620)</u>	<u>(10,651,170)</u>	<u>(643,265)</u>	<u>(11,294,435)</u>
OTHER FINANCING SOURCES (USES)				
Bond issue proceeds	11,169,330	6,028,553	-	6,028,553
Premium on bond	170,091	170,092	-	170,092
Transfers in	7,793,565	5,281,455	-	5,281,455
Transfers out	<u>(45,694)</u>	<u>-</u>	<u>(45,694)</u>	<u>(45,694)</u>
Total other financing sources (uses)	<u>19,087,292</u>	<u>11,480,100</u>	<u>(45,694)</u>	<u>11,434,406</u>
Net change in fund balances	5,002,672	828,930	(688,959)	139,971
Fund balance - beginning			<u>828,931</u>	
Fund balance - ending			<u>\$ 139,972</u>	

PERMANENT FUNDS**701 – Greenways Maintenance Endowment**

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

702 – Natural Resource Protection and Restoration

This permanent fund was created in 2004 to account for the \$4,000,000 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 projects as they are identified. Established by Ordinance 2004-01-001.

CITY OF BELLINGHAM
Combining Balance Sheet
Nonmajor Permanent Funds
For the Year Ended December 31, 2008

	Greenways Maintenance <u>Endowment</u>	Natural Resource Protect & <u>Restore</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 438,933	\$ 247,239	\$ 686,172
Investments	2,591,617	1,459,782	4,051,399
Receivable (net of allowance for uncollectibles)	8,524	-	8,524
Due from component unit	<u>-</u>	<u>2,800,000</u>	<u>2,800,000</u>
Total assets	<u>3,039,074</u>	<u>4,507,021</u>	<u>7,546,095</u>
LIABILITIES			
Accounts payable	-	107,054	107,054
Interfund payables	-	49	49
Deferred revenue	<u>8,524</u>	<u>-</u>	<u>8,524</u>
Total liabilities	<u>8,524</u>	<u>107,103</u>	<u>115,627</u>
FUND BALANCE			
Reserved fund balance	2,753,866	3,919,260	6,673,126
Unreserved fund balance	<u>276,684</u>	<u>480,658</u>	<u>757,342</u>
Total fund balance	<u>3,030,550</u>	<u>4,399,918</u>	<u>7,430,468</u>
Total liabilities and fund balance	<u>\$ 3,039,074</u>	<u>\$ 4,507,021</u>	<u>\$ 7,546,095</u>

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the Year Ended December 31, 2008

	Greenways Maintenance <u>Endowment</u>	Natural Resource Protect & <u>Restore</u>	<u>Totals</u>
REVENUES			
Taxes	\$ 367,367	\$ -	\$ 367,367
Miscellaneous revenues	<u>123,018</u>	<u>208,711</u>	<u>331,729</u>
Total revenues	<u>490,385</u>	<u>208,711</u>	<u>699,096</u>
EXPENDITURES			
Physical environment	-	367,812	367,812
Capital outlay	<u>-</u>	<u>6,418</u>	<u>6,418</u>
Total expenditures	<u>-</u>	<u>374,230</u>	<u>374,230</u>
Excess (deficiency) of revenues over (under) expenditures	<u>490,385</u>	<u>(165,519)</u>	<u>324,866</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(15,000)</u>	<u>-</u>	<u>(15,000)</u>
Total other financing sources (uses)	<u>(15,000)</u>	<u>-</u>	<u>(15,000)</u>
Net change in fund balances	475,385	(165,519)	309,866
Fund balance - beginning	<u>2,555,165</u>	<u>4,565,437</u>	<u>7,120,602</u>
Fund balance - ending	<u>\$ 3,030,550</u>	<u>\$ 4,399,918</u>	<u>\$ 7,430,468</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Greenways Maintenance Endowment Fund
For the Year Ended December 31, 2008

Page 1 of 3

	<u>Budgeted Fund Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Taxes	\$ 360,000	\$ 360,000	\$ 367,367	\$ 7,367
Miscellaneous revenues	<u>113,970</u>	<u>113,970</u>	<u>123,018</u>	<u>9,048</u>
Total revenues	<u>473,970</u>	<u>473,970</u>	<u>490,385</u>	<u>16,415</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>473,970</u>	<u>473,970</u>	<u>490,385</u>	<u>16,415</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Net change in fund balances	473,970	458,970	475,385	16,415
Fund balance - beginning	<u>2,526,373</u>	<u>2,537,003</u>	<u>2,555,165</u>	<u>18,162</u>
Fund balance - ending	<u>\$ 3,000,343</u>	<u>\$ 2,995,973</u>	<u>\$ 3,030,550</u>	<u>\$ 34,577</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Natural Resource Protect and Restore Fund
For the Year Ended December 31, 2008

Page 2 of 3

	<u>Budgeted Fund Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>GAAP Basis</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Miscellaneous revenues	\$ 200,000	\$ 207,596	\$ 208,711	\$ 1,115
Total revenues	<u>200,000</u>	<u>207,596</u>	<u>208,711</u>	<u>1,115</u>
EXPENDITURES				
Physical environment	-	588,000	367,812	220,188
Capital outlay	-	-	6,418	(6,418)
Total expenditures	<u>-</u>	<u>588,000</u>	<u>374,230</u>	<u>213,770</u>
Excess (deficiency) of revenues over (under) expenditures	<u>200,000</u>	<u>(380,404)</u>	<u>(165,519)</u>	<u>214,885</u>
Net change in fund balances	200,000	(380,404)	(165,519)	214,885
Fund balance - beginning	<u>4,513,802</u>	<u>2,100,400</u>	<u>4,565,437</u>	<u>2,465,037</u>
Fund balance - ending	<u>\$ 4,713,802</u>	<u>\$ 1,719,996</u>	<u>\$ 4,399,918</u>	<u>\$ 2,679,922</u>

CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual GAAP Basis
Nonmajor Permanent Funds
For the Year Ended December 31, 2008

Page 3 of 3

	<u>Budgeted Fund Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 360,000	\$ 360,000	\$ 367,367	\$ 7,367
Miscellaneous revenues	<u>313,970</u>	<u>321,566</u>	<u>331,729</u>	<u>10,163</u>
Total revenues	<u>673,970</u>	<u>681,566</u>	<u>699,096</u>	<u>17,530</u>
EXPENDITURES				
Physical environment	-	588,000	367,812	220,188
Capital outlay	<u>-</u>	<u>-</u>	<u>6,418</u>	<u>(6,418)</u>
Total expenditures	<u>-</u>	<u>588,000</u>	<u>374,230</u>	<u>213,770</u>
Excess (deficiency) of revenues over (under) expenditures	<u>673,970</u>	<u>93,566</u>	<u>324,866</u>	<u>231,300</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Net change in fund balances	673,970	78,566	309,866	231,300
Fund balance - beginning	<u>7,040,175</u>	<u>4,637,403</u>	<u>7,120,602</u>	<u>2,483,199</u>
Fund balance - ending	<u>\$ 7,714,145</u>	<u>\$ 4,715,969</u>	<u>\$ 7,430,468</u>	<u>\$ 2,714,499</u>

ENTERPRISE FUNDS**456 – Cemetery**

Operate and maintain Bayview Cemetery. Revenue is derived from the sale of lots, interment charges, sale of concrete boxes and interest. Perpetual care for upkeep of graves and cemetery property is funded from sale of gravesites. Pre-arrangement contracts on sales of interments and liners are also available. In 2001 cemetery improvement (457) and pre-arrangement trust (621) were merged with cemetery. Two new cash lines were created. Established by Ordinances 52 and 9898 and consolidated by Ordinance 2001-11-086.

460 – Golf Course

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

465 – Parking Services

Operate and maintain 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.

475 – Development Services

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

CITY OF BELLINGHAM
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2008

	<u>Cemetery</u>	<u>Golf Course</u>	<u>Parking Services</u>	<u>Development Services</u>	<u>Totals</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 9,654	\$ 11,695	\$ 165,878	\$ 110,771	\$ 297,998
Investments	57,000	69,053	979,403	654,028	1,759,484
Restricted cash and cash equivalents	-	-	4,712	-	4,712
Restricted investments	-	-	27,824	-	27,824
Receivable (net of allowance for uncollectibles)	<u>23,400</u>	<u>5,391</u>	<u>119,241</u>	<u>7,578</u>	<u>155,610</u>
Total current assets	<u>90,054</u>	<u>86,139</u>	<u>1,297,058</u>	<u>772,377</u>	<u>2,245,628</u>
Noncurrent assets:					
Restricted cash and cash equivalents	70,639	-	-	-	70,639
Restricted investments	417,074	-	-	-	417,074
Capital assets not being depreciated:					
Land	359,274	-	2,645,509	-	3,004,783
Construction in progress	-	-	153,566	-	153,566
Capital assets net of accumulated depreciation:					
Buildings	55,852	514,304	2,315,348	-	2,885,504
Improvements	21,755	246,454	463,169	124,999	856,377
Machinery and equipment	<u>-</u>	<u>53,971</u>	<u>189,222</u>	<u>1,985</u>	<u>245,178</u>
Total noncurrent assets	<u>924,594</u>	<u>814,729</u>	<u>5,766,814</u>	<u>126,984</u>	<u>7,633,121</u>
Total assets	<u>1,014,648</u>	<u>900,868</u>	<u>7,063,872</u>	<u>899,361</u>	<u>9,878,749</u>
LIABILITIES					
Current liabilities:					
Accounts payable	7,048	11,741	89,557	41,788	150,134
Accrued wages and benefits	13,605	-	18,660	70,817	103,082
Interfund payables	-	157,896	81	-	157,977
Other accrued liabilities	153,018	14,883	55,978	993	224,872
Bonds payable (net of unamortized discount)	-	-	110,000	-	110,000
Compensated absences	<u>13,685</u>	<u>-</u>	<u>19,808</u>	<u>69,328</u>	<u>102,821</u>
Total current liabilities	<u>187,356</u>	<u>184,520</u>	<u>294,084</u>	<u>182,926</u>	<u>848,886</u>
Noncurrent liabilities:					
Bonds payable (net of unamortized discount)	-	-	375,000	-	375,000
Compensated absences	<u>325</u>	<u>-</u>	<u>5,536</u>	<u>5,571</u>	<u>11,432</u>
Total noncurrent liabilities	<u>325</u>	<u>-</u>	<u>380,536</u>	<u>5,571</u>	<u>386,432</u>
Total liabilities	<u>187,681</u>	<u>184,520</u>	<u>674,620</u>	<u>188,497</u>	<u>1,235,318</u>
NET ASSETS					
Invested in capital assets, net of related debt	436,881	814,730	5,281,815	126,984	6,660,410
Restricted	487,713	-	32,536	-	520,249
Unrestricted	<u>(97,627)</u>	<u>(98,382)</u>	<u>1,074,901</u>	<u>583,880</u>	<u>1,462,772</u>
Total net assets	<u>\$ 826,967</u>	<u>\$ 716,348</u>	<u>\$ 6,389,252</u>	<u>\$ 710,864</u>	<u>\$ 8,643,431</u>

CITY OF BELLINGHAM
Combining Statement of Revenue, Expenses and Changes in Net Assets
Nonmajor Enterprise Funds
For the Year Ended December 31, 2008

	<u>Cemetery</u>	<u>Golf Course</u>	<u>Parking Services</u>	<u>Development Services</u>	<u>Totals</u>
Operating revenues:					
Customer sales and service fees	\$ 343,296	\$ 197	\$ -	\$ 2,359,648	\$ 2,703,141
Rents, parking and concessions	-	178,600	2,263,380	-	2,441,980
Other operating revenue	-	-	21,977	-	21,977
Total operating revenues	<u>343,296</u>	<u>178,797</u>	<u>2,285,357</u>	<u>2,359,648</u>	<u>5,167,098</u>
Operating expenses:					
General operations	384,326	52,358	907,839	1,345,656	2,690,179
General administration	218,707	52,132	159,616	1,510,900	1,941,355
Depreciation	6,565	33,881	104,566	32,287	177,299
Taxes	<u>3,284</u>	<u>48</u>	<u>3,438</u>	<u>-</u>	<u>6,770</u>
Total operating expenses	<u>612,882</u>	<u>138,419</u>	<u>1,175,459</u>	<u>2,888,843</u>	<u>4,815,603</u>
Operating income (loss)	<u>(269,586)</u>	<u>40,378</u>	<u>1,109,898</u>	<u>(529,195)</u>	<u>351,495</u>
Nonoperating revenues (expenses):					
Investment interest	24,964	5,068	91,779	40,737	162,548
Net increase (decrease) in fair value of investments	4,413	821	3,617	2,462	11,313
Interest expense and related charges	-	(12,547)	(21,224)	-	(33,771)
Other non-operating revenues	<u>2,859</u>	<u>5,497</u>	<u>-</u>	<u>362</u>	<u>8,718</u>
Total nonoperating revenue (expense)	<u>32,236</u>	<u>(1,161)</u>	<u>74,172</u>	<u>43,561</u>	<u>148,808</u>
Income (loss) before contributions and transfers	(237,350)	39,217	1,184,070	(485,634)	500,303
Transfers in	221,480	-	-	-	221,480
Transfers out	-	-	(645,649)	-	(645,649)
Change in net assets	(15,870)	39,217	538,421	(485,634)	76,134
Total net assets - beginning	<u>842,837</u>	<u>677,131</u>	<u>5,850,831</u>	<u>1,196,498</u>	<u>8,567,297</u>
Total net assets - ending	<u>\$ 826,967</u>	<u>\$ 716,348</u>	<u>\$ 6,389,252</u>	<u>\$ 710,864</u>	<u>\$ 8,643,431</u>

CITY OF BELLINGHAM
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2008

Page 1 of 2

	<u>Cemetery</u>	<u>Golf Course</u>	<u>Parking Services</u>	<u>Development Services</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 328,111	\$ 199,180	\$ 2,426,425	\$ 2,363,429	\$ 5,317,145
Payments for wages	(222,590)	(15,283)	(258,731)	(1,722,367)	(2,218,971)
Payments for operating expenses	<u>(385,754)</u>	<u>(83,253)</u>	<u>(796,166)</u>	<u>(1,119,594)</u>	<u>(2,384,767)</u>
Net cash provided (used) by operating activities	<u>(280,233)</u>	<u>100,644</u>	<u>1,371,528</u>	<u>(478,532)</u>	<u>713,407</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	221,480	-	-	-	221,480
Transfers out	-	-	(645,649)	-	(645,649)
Payments for interest	-	-	(22,252)	-	(22,252)
Principal paid on interfund loans	<u>-</u>	<u>(72,972)</u>	<u>-</u>	<u>-</u>	<u>(72,972)</u>
Net cash provided (used) by noncapital financing activities	<u>221,480</u>	<u>(72,972)</u>	<u>(667,901)</u>	<u>-</u>	<u>(519,393)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payment on bonds	-	-	(110,000)	-	(110,000)
Payments for interest	-	(12,547)	-	-	(12,547)
Purchases of capital assets	<u>-</u>	<u>-</u>	<u>(1,568,492)</u>	<u>(119,584)</u>	<u>(1,688,076)</u>
Net cash provided (used) by capital financing activities	<u>-</u>	<u>(12,547)</u>	<u>(1,678,492)</u>	<u>(119,584)</u>	<u>(1,810,623)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturity of investments	296,551	27,475	1,137,886	728,830	2,190,742
Purchase of investments	(396,204)	(57,711)	(841,785)	(546,600)	(1,842,300)
Interest and dividends received	<u>25,038</u>	<u>4,865</u>	<u>98,834</u>	<u>45,181</u>	<u>173,918</u>
Net cash provided (used) in investment activities	<u>(74,615)</u>	<u>(25,371)</u>	<u>394,935</u>	<u>227,411</u>	<u>522,360</u>
Net increase (decrease) in cash and equivalents	(133,368)	(10,246)	(579,930)	(370,705)	(1,094,249)
Cash and cash equivalents - beginning of year	<u>213,661</u>	<u>21,941</u>	<u>750,520</u>	<u>481,476</u>	<u>1,467,598</u>
Cash and cash equivalents - end of year	<u>80,293</u>	<u>11,695</u>	<u>170,590</u>	<u>110,771</u>	<u>373,349</u>
Cash at end of year consists of					
Cash and cash equivalents	9,654	11,695	165,878	110,771	297,998
Restricted cash	<u>70,639</u>	<u>-</u>	<u>4,712</u>	<u>-</u>	<u>75,351</u>
Total cash at end of year	<u>\$ 80,293</u>	<u>\$ 11,695</u>	<u>\$ 170,590</u>	<u>\$ 110,771</u>	<u>\$ 373,349</u>

CITY OF BELLINGHAM
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2008

Page 2 of 2

	<u>Cemetery</u>	<u>Golf Course</u>	<u>Parking Services</u>	<u>Development Services</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (269,586)	\$ 40,378	\$ 1,109,898	\$ (529,195)	\$ 351,495
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	6,565	33,881	104,566	32,287	177,299
Other non-operating receipts	2,860	20,383	-	362	23,605
Accumulated long-term leave liability	(371)	-	648	(4,956)	(4,679)
Change in assets and liabilities:					
(Increase) decrease in accounts receivable other	(18,045)	(4,678)	141,067	3,419	121,763
Increase (decrease) in accounts payable	(2,883)	11,085	44,020	22,944	75,166
Increase (decrease) in revenues collected in advance	(1,923)	-	-	-	(1,923)
Increase (decrease) in due to other funds	-	-	(14,131)	-	(14,131)
Increase (decrease) in other accrued liabilities	1,446	-	5,962	(3,191)	4,217
Increase (decrease) in other fees and taxes	1,704	(405)	(22,114)	(202)	(21,017)
Increase (decrease) in other current liabilities	-	-	1,612	-	1,612
Net cash provided (used) by operating activities	<u>\$ (280,233)</u>	<u>\$ 100,644</u>	<u>\$ 1,371,528</u>	<u>\$ (478,532)</u>	<u>\$ 713,407</u>
Noncash investing activities:					
Net change in fair value of investments	4,413	821	3,617	2,462	11,313
	<u>\$ 4,413</u>	<u>\$ 821</u>	<u>\$ 3,617</u>	<u>\$ 2,462</u>	<u>\$ 11,313</u>



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INTERNAL SERVICE FUNDS**510 – Fleet Administration**

Consolidate vehicles and equipment under one fund for acquisition, repair, maintenance and replacement. Revenue is derived from renting these assets to user funds and mechanical shop services to other funds and other government agencies. Established by Ordinance 7684. *Goal for ending fund balance fluctuates based on the replacement cycle.*

520 – Purchasing and Materials Management

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

530 – Facilities Administration

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

540 – Telecommunications

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

550 – Claims and Litigation

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

561 – Unemployment Compensation

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

562 – Worker's Compensation Self Insurance

Covers the cost of claims resulting from injuries on the job or job-related illnesses, and related preventive, safety and disability programs. Established and amended by Ordinances 8616 and 1999-02-005. *Goal for ending fund balance is twice the projected annual claims expense.*

565 – Health Benefits

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

CITY OF BELLINGHAM
Combining Statement of Net Assets
Internal Service Funds
December 31, 2008

ASSETS	Fleet Administration	Purchasing Materials Management	Facilities Administration	Tele- Communications	Claims & Litigation	Unemployment Compensation	Worker's Compensation Self-Insurance	Health Benefits	Totals
Current assets:									
Cash and cash equivalents	\$ 878,195	\$ 90,448	\$ 216,350	\$ 77,597	\$ 672,360	\$ 35,372	\$ 125,476	\$ 221,979	\$ 2,317,777
Investments	5,185,171	534,032	1,277,408	458,156	3,969,844	208,851	740,853	1,310,638	13,684,953
Receivable (net of allowance for uncollectibles)	53,544	5,515	13,191	4,731	40,993	2,157	7,651	13,534	141,316
Inventories	-	722,504	-	-	-	-	-	-	722,504
Prepaid items	-	-	-	-	-	-	40,000	11,000	51,000
Total current assets	6,116,910	1,352,499	1,506,949	540,484	4,683,197	246,380	913,980	1,557,151	16,917,550
Noncurrent assets:									
Notes and contracts receivable	-	-	-	-	146,025	-	-	-	146,025
Capital assets not being depreciated:									
Land	-	-	40,102	-	-	-	-	-	40,102
Capital assets net of accumulated depreciation:									
Buildings	-	-	1,822,743	-	-	-	-	-	1,822,743
Improvements	-	132,653	-	-	-	-	-	-	132,653
Machinery and equipment	10,934,898	-	-	806,257	-	-	-	972	11,742,127
Total noncurrent assets	10,934,898	132,653	1,862,845	806,257	146,025	-	-	972	13,883,650
Total assets	17,051,808	1,485,152	3,369,794	1,346,741	4,829,222	246,380	913,980	1,558,123	30,801,200
LIABILITIES									
Current liabilities:									
Accounts payable	36,524	101,179	112,580	16,446	11,893	-	19,363	8,148	306,133
Accrued wages and benefits	35,321	33,003	46,100	-	-	-	8,583	9,333	132,340
Other accrued liabilities	-	-	1,350	-	-	16,612	-	36,723	54,685
Compensated absences	45,247	40,784	57,413	-	-	-	8,435	-	151,879
Other long-term liabilities	-	-	-	-	422,418	-	-	-	422,418
Total current liabilities	117,092	174,966	217,443	16,446	434,311	16,612	36,381	54,204	1,067,455
Noncurrent liabilities:									
Compensated absences	17,023	17,981	14,660	-	-	-	-	-	49,664
Other long-term liabilities	-	-	-	-	568,244	-	-	-	568,244
Total noncurrent liabilities	17,023	17,981	14,660	-	568,244	-	-	-	617,908
Total liabilities	134,115	192,947	232,103	16,446	1,002,555	16,612	36,381	54,204	1,685,363
NET ASSETS									
Invested in capital assets, net of related debt									
	10,934,899	132,654	1,862,845	806,257	-	-	-	972	13,737,627
Unrestricted	5,982,794	1,159,551	1,274,846	524,038	3,826,667	229,768	877,599	1,502,947	15,378,210
Total net assets	\$ 16,917,693	\$ 1,292,205	\$ 3,137,691	\$ 1,330,295	\$ 3,826,667	\$ 229,768	\$ 877,599	\$ 1,503,919	\$ 29,115,837

CITY OF BELLINGHAM
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
For the Year Ended December 31, 2008

	<u>Fleet</u>	<u>Purchasing</u>	<u>Facilities</u>	<u>Tele-</u>	<u>Claims &</u>	<u>Unemployment</u>	<u>Worker's</u>	<u>Health</u>	<u>Totals</u>
	<u>Administration</u>	<u>Materials</u>	<u>Administration</u>	<u>Communications</u>	<u>Litigation</u>	<u>Compensation</u>	<u>Self-Insurance</u>	<u>Benefits</u>	
Operating revenues:									
Sales of merchandise	\$ -	\$ 2,029,507	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,029,507
Less: cost of goods sold	-	(1,173,820)	-	-	-	-	-	-	(1,173,820)
Other charges for service	1,559,480	-	2,168,398	-	-	-	-	-	3,727,878
Insurance premium contribution	-	-	-	-	-	-	590,451	9,526,712	10,117,163
Other operating revenue	<u>1,767,620</u>	<u>-</u>	<u>-</u>	<u>393,319</u>	<u>791,700</u>	<u>-</u>	<u>-</u>	<u>594,873</u>	<u>3,547,512</u>
Total operating revenues	<u>3,327,100</u>	<u>855,687</u>	<u>2,168,398</u>	<u>393,319</u>	<u>791,700</u>	<u>-</u>	<u>590,451</u>	<u>10,121,585</u>	<u>18,248,240</u>
Operating expenses:									
General operations	1,589,973	732,502	1,969,142	249,171	-	-	-	-	4,540,788
General administration	272,947	363,903	153,001	188,091	463,244	1,684	223,934	9,792,378	11,459,182
Depreciation	933,158	33,164	115,350	55,263	-	-	-	2,332	1,139,267
Taxes	-	194	2	98	-	-	-	-	294
Risk transfer payment	-	-	-	-	584,198	-	39,792	-	623,990
Payments to claimants and beneficiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>882,940</u>	<u>60,940</u>	<u>453,057</u>	<u>160,956</u>	<u>1,557,893</u>
Total operating expenses	<u>2,796,078</u>	<u>1,129,763</u>	<u>2,237,495</u>	<u>492,623</u>	<u>1,930,382</u>	<u>62,624</u>	<u>716,783</u>	<u>9,955,666</u>	<u>19,321,414</u>
Operating income (loss)	<u>531,022</u>	<u>(274,076)</u>	<u>(69,097)</u>	<u>(99,304)</u>	<u>(1,138,682)</u>	<u>(62,624)</u>	<u>(126,332)</u>	<u>165,919</u>	<u>(1,073,174)</u>
Nonoperating revenues (expenses):									
Investment interest	270,692	24,913	60,937	23,801	211,762	10,789	36,383	49,770	689,047
Net increase (decrease) in fair value of investments	52,533	5,665	13,594	1,146	36,245	1,655	6,954	14,557	132,349
Gain (loss) on sale of capital assets	1,109	-	-	-	-	-	-	-	1,109
Other nonoperating revenues (expenses)	<u>5,264</u>	<u>85,121</u>	<u>668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,053</u>
Total nonoperating revenue (expense)	<u>329,598</u>	<u>115,699</u>	<u>75,199</u>	<u>24,947</u>	<u>248,007</u>	<u>12,444</u>	<u>43,337</u>	<u>64,327</u>	<u>913,558</u>
Income (loss) before transfers	860,620	(158,377)	6,102	(74,357)	(890,675)	(50,180)	(82,995)	230,246	(159,616)
Transfers in	<u>2,659,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,659,124</u>
Change in net assets	3,519,744	(158,377)	6,102	(74,357)	(890,675)	(50,180)	(82,995)	230,246	2,499,508
Total net assets - beginning	<u>13,397,949</u>	<u>1,450,582</u>	<u>3,131,589</u>	<u>1,697,822</u>	<u>4,717,342</u>	<u>279,948</u>	<u>960,594</u>	<u>1,273,673</u>	<u>26,909,499</u>
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>(293,170)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(293,170)</u>
Total net assets - ending	<u>\$ 16,917,693</u>	<u>\$ 1,292,205</u>	<u>\$ 3,137,691</u>	<u>\$ 1,330,295</u>	<u>\$ 3,826,667</u>	<u>\$ 229,768</u>	<u>\$ 877,599</u>	<u>\$ 1,503,919</u>	<u>\$ 29,115,837</u>

CITY OF BELLINGHAM
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2008

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	Fleet	Materials	Facilities	Tele-	Claims &
	<u>Administration</u>	<u>Management</u>	<u>Administration</u>	<u>Communications</u>	<u>Litigation</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 6,666	\$ 42,480	\$ 309,066	\$ 3,144	\$ -
Receipts from interfund services provided	3,329,749	2,068,666	1,860,000	390,175	790,733
Payments for merchandise	-	(1,162,431)	-	-	-
Payments for wages	(103,711)	(457,935)	(626,747)	(84,090)	(103,711)
Payments for operating expenses	<u>(1,755,577)</u>	<u>(459,456)</u>	<u>(1,454,233)</u>	<u>(377,530)</u>	<u>(1,287,570)</u>
Net cash provided (used) by operating activities	<u>1,477,127</u>	<u>31,324</u>	<u>88,086</u>	<u>(68,301)</u>	<u>(600,548)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	2,250,000	-	-	-	-
Receipts from other governmental units	<u>-</u>	<u>3,482</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>2,250,000</u>	<u>3,482</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(3,969,267)	-	-	(427,567)	-
Proceeds from the sale of capital assets	<u>203,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by capital financing activities	<u>(3,765,867)</u>	<u>-</u>	<u>-</u>	<u>(427,567)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturity of investments	2,866,995	272,851	648,795	561,642	2,545,541
Purchase of investments	(4,333,473)	(446,314)	(1,067,585)	(382,901)	(3,317,772)
Interest and dividends received	266,387	24,165	59,095	27,609	213,227
Receipts of principal loan payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,377</u>
Net cash provided (used) in investment activities	<u>(1,200,091)</u>	<u>(149,298)</u>	<u>(359,695)</u>	<u>206,350</u>	<u>(552,627)</u>
Net increase (decrease) in cash and equivalents	(1,238,831)	(114,492)	(271,609)	(289,518)	(1,153,175)
Cash and cash equivalents - beginning of year	<u>2,117,026</u>	<u>204,940</u>	<u>487,959</u>	<u>367,115</u>	<u>1,825,535</u>
Cash and cash equivalents - end of year	<u>878,195</u>	<u>90,448</u>	<u>216,350</u>	<u>77,597</u>	<u>672,360</u>
Cash at end of year consists of					
Cash and cash equivalents	<u>878,195</u>	<u>90,448</u>	<u>216,350</u>	<u>77,597</u>	<u>672,360</u>
Total cash at end of year	<u>\$ 878,195</u>	<u>\$ 90,448</u>	<u>\$ 216,350</u>	<u>\$ 77,597</u>	<u>\$ 672,360</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 531,022	\$ (274,076)	\$ (69,097)	\$ (99,304)	\$ (1,138,682)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	933,158	33,164	115,350	55,263	-
Other non-operating receipts	5,264	81,639	668	-	-
Accumulated long-term leave liability	(1,605)	801	1,018	-	-
Change in assets and liabilities:					
(Increase) decrease in accounts receivable other	2,026	-	-	-	-
(Increase) decrease in due from other governmental units	-	-	-	-	-
(Increase) decrease in inventory of supplies	-	170,300	-	-	-
Increase (decrease) in accounts payable	3,205	11,387	31,803	(24,260)	538,134
Increase (decrease) in other accrued liabilities	<u>4,057</u>	<u>8,109</u>	<u>8,344</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 1,477,127</u>	<u>\$ 31,324</u>	<u>\$ 88,086</u>	<u>\$ (68,301)</u>	<u>\$ (600,548)</u>
Noncash investing activities:					
Net change in fair value of investments	\$ 52,533	\$ 5,665	\$ 13,594	\$ 1,146	\$ 36,245
Fleet donations	<u>409,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total noncash activities:	<u>\$ 461,657</u>	<u>\$ 5,665</u>	<u>\$ 13,594</u>	<u>\$ 1,146</u>	<u>\$ 36,245</u>

CITY OF BELLINGHAM
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2008

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	Unemployment Compensation	Worker's Compensation Self-Insurance	Health Benefits	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ -	\$ -	\$ 4,629	\$ 365,985
Receipts from interfund services provided	-	626,434	10,116,956	19,182,713
Payments for merchandise	-	-	-	(1,162,431)
Payments for wages	-	(75,135)	(69,729)	(1,521,058)
Payments for operating expenses	<u>(66,333)</u>	<u>(632,332)</u>	<u>(9,862,943)</u>	<u>(15,895,974)</u>
Net cash provided (used) by operating activities	<u>(66,333)</u>	<u>(81,033)</u>	<u>188,913</u>	<u>969,235</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	-	2,250,000
Receipts from other governmental units	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,482</u>
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,253,482</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	-	-	-	(4,396,834)
Proceeds from the sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,400</u>
Net cash provided (used) by capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,193,434)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturity of investments	156,094	458,326	611,977	8,122,221
Purchase of investments	(174,546)	(619,162)	(1,095,357)	(11,437,110)
Interest and dividends received	11,167	36,430	47,151	685,231
Receipts of principal loan payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,377</u>
Net cash provided (used) in investment activities	<u>(7,285)</u>	<u>(124,406)</u>	<u>(436,229)</u>	<u>(2,623,281)</u>
Net increase (decrease) in cash and equivalents	(73,618)	(205,439)	(247,316)	(3,593,998)
Cash and cash equivalents - beginning of year	<u>108,990</u>	<u>330,915</u>	<u>469,295</u>	<u>5,911,775</u>
Cash and cash equivalents - end of year	<u>35,372</u>	<u>125,476</u>	<u>221,979</u>	<u>2,317,777</u>
Cash at end of year consists of				
Cash and cash equivalents	<u>35,372</u>	<u>125,476</u>	<u>221,979</u>	<u>2,317,777</u>
Total cash at end of year	<u>\$ 35,372</u>	<u>\$ 125,476</u>	<u>\$ 221,979</u>	<u>\$ 2,317,777</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (62,624)	\$ (126,332)	\$ 165,919	\$ (1,073,174)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	-	-	2,332	1,139,267
Other non-operating receipts	-	-	-	87,571
Accumulated long-term leave liability	-	-	-	214
Change in assets and liabilities:				
(Increase) decrease in accounts receivable other	-	35,983	-	38,009
(Increase) decrease in due from other governmental units	(3,709)	-	-	(3,709)
(Increase) decrease in inventory of supplies	-	-	-	170,300
Increase (decrease) in accounts payable	-	(595)	5,870	565,544
Increase (decrease) in other accrued liabilities	<u>-</u>	<u>9,911</u>	<u>14,792</u>	<u>45,213</u>
Net cash provided (used) by operating activities	<u>\$ (66,333)</u>	<u>\$ (81,033)</u>	<u>\$ 188,913</u>	<u>\$ 969,235</u>
Noncash investing activities:				
Net change in fair value of investments	\$ 1,655	\$ 6,954	\$ 14,557	\$ 132,349
Fleet donations	<u>-</u>	<u>-</u>	<u>-</u>	<u>409,124</u>
Total noncash activities:	<u>\$ 1,655</u>	<u>\$ 6,954</u>	<u>\$ 14,557</u>	<u>\$ 541,473</u>



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FIDUCIARY FUNDS**Pension Trust****612 – Firefighters Pensions**

Pension payment for pre March 1, 1970 firefighters or surviving spouses, and medical benefits for firefighters hired prior to October 1, 1977. Revenue is from property tax, fire insurance premium tax, and General Fund contributions. Authorized by City Council July 26, 1909 and by Ordinance 1999-12-083.

613 – Police Officers Pensions

Pension payment for pre March 1, 1970 police officers or surviving spouses, and medical benefits for police officers hired prior to October 1, 1977. Revenue is from general fund contributions and sales of unclaimed property. Authorized by City Council July 26, 1909 and by Ordinances 1489 and 1999-12-083.

Agency**637 – Guaranty Deposit**

Agency fund, serving as a depository for cash collected for various purposes, until its final disposition. Established by Ordinance 2067.

642 – School Impact Fees

School impact fees, as authorized by Ordinance 2006-03-022, are deposited in this fund. The City remits to the School District monthly all impact fees collected, with interest.

CITY OF BELLINGHAM
Combining Statement of Net Assets
Pension Trust Funds
December 31, 2008

Page 1 of 2

	<u>Firefighters Pension</u>	<u>Police Officers Pension</u>	<u>Total Pension Funds</u>
ASSETS			
Cash and cash equivalents	\$ 563,841	\$ 753,437	\$ 1,317,278
Investments:			
Governments securities	3,329,109	4,448,548	7,777,657
Employer receivable (net of allowance for uncollectibles)	73,551	45,937	119,488
Interfund receivables	<u>2,391,776</u>	<u>-</u>	<u>2,391,776</u>
Total assets	<u>6,358,277</u>	<u>5,247,922</u>	<u>11,606,199</u>
LIABILITIES			
Accounts payable	24,248	10,603	34,851
Accrued employee benefits	52,386	13,662	66,048
Other liabilities	<u>39,173</u>	<u>-</u>	<u>39,173</u>
Total liabilities	<u>115,807</u>	<u>24,265</u>	<u>140,072</u>
NET ASSETS			
Held in trust for pension benefits	<u>6,242,470</u>	<u>5,223,657</u>	<u>11,466,127</u>
Total net assets	<u>\$ 6,242,470</u>	<u>\$ 5,223,657</u>	<u>\$ 11,466,127</u>

CITY OF BELLINGHAM
Combining Statement of Net Assets
Agency Funds
December 31, 2008

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	<u>Guaranty Deposit</u>	<u>School Impact Fee</u>	<u>Total Agency Funds</u>	<u>Total All Fiduciary Funds</u>
ASSETS				
Cash and cash equivalents	\$ 92,342	\$ 1,291	\$ 93,633	\$ 1,410,911
Investments:				
Governments securities	-	-	-	7,777,657
Employer receivable (net of allowance for uncollectibles)	-	-	-	119,488
Interfund receivables	-	-	-	2,391,776
Total assets	<u>92,342</u>	<u>1,291</u>	<u>93,633</u>	<u>11,699,832</u>
LIABILITIES				
Accounts payable	2,155	-	2,155	37,006
Accrued employee benefits	-	-	-	66,048
Other liabilities	<u>90,187</u>	<u>1,291</u>	<u>91,478</u>	<u>130,651</u>
Total liabilities	<u>92,342</u>	<u>1,291</u>	<u>93,633</u>	<u>233,705</u>
NET ASSETS				
Held in trust for pension benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,466,127</u>
Total net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,466,127</u>

CITY OF BELLINGHAM
Combining Statement of Changes in Plan Net Assets
Pension Trust Funds
For the Year Ended December 31, 2008

	Firefighters Pension	Police Officers Pension	Totals
ADDITIONS			
Contributions:			
Taxes	\$ 1,711,597	\$ -	\$ 1,711,597
Auction proceeds	-	21,688	21,688
Employer	<u>539,652</u>	<u>1,139,748</u>	<u>1,679,400</u>
Total trust contributions	<u>2,251,249</u>	<u>1,161,436</u>	<u>3,412,685</u>
Investment income:			
Interest	241,997	216,392	458,389
Net appreciation (depreciation) in fair value	<u>22,854</u>	<u>47,388</u>	<u>70,242</u>
Net investment income	<u>264,851</u>	<u>263,780</u>	<u>528,631</u>
Total additions	<u>2,516,100</u>	<u>1,425,216</u>	<u>3,941,316</u>
DEDUCTIONS			
Benefits	1,747,707	861,174	2,608,881
Administration expense	<u>2,726</u>	<u>2,981</u>	<u>5,707</u>
Total deductions	<u>1,750,433</u>	<u>864,155</u>	<u>2,614,588</u>
NET INCREASE			
Net change in net assets held in trust for employees' benefits	765,667	561,061	1,326,728
Net assets held in trust for pension benefits, January 1, 2008	<u>5,476,803</u>	<u>4,662,596</u>	<u>10,139,399</u>
Net assets held in trust for pension benefits, December 31, 2008	<u>\$ 6,242,470</u>	<u>\$ 5,223,657</u>	<u>\$ 11,466,127</u>

CITY OF BELLINGHAM
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2008

	<u>Balance December 31, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2008</u>
GUARANTY DEPOSIT				
ASSETS				
Cash and cash equivalents	\$ 149,875	\$ -	\$ 57,533	\$ 92,342
Total assets	<u>149,875</u>	<u>-</u>	<u>57,533</u>	<u>92,342</u>
LIABILITIES				
Accounts payable	2,572	-	417	2,155
Garnishments and deposits	52,005	-	21,390	30,615
Customer deposits	95,298	-	35,726	59,572
Total liabilities	<u>\$ 149,875</u>	<u>\$ -</u>	<u>\$ 57,533</u>	<u>\$ 92,342</u>
SCHOOL IMPACT FEE				
ASSETS				
Cash and cash equivalents	\$ 16,474	\$ -	\$ 15,183	\$ 1,291
Investments	-	-	-	-
Interest receivable	141	-	141	-
Total assets	<u>16,615</u>	<u>-</u>	<u>15,324</u>	<u>1,291</u>
LIABILITIES				
Accounts payable	16,541	-	16,541	-
Impact fees - interest	74	1,217	-	1,291
Total liabilities	<u>\$ 16,615</u>	<u>\$ 1,217</u>	<u>\$ 16,541</u>	<u>\$ 1,291</u>
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 166,349	\$ -	\$ 72,716	\$ 93,633
Investments	-	-	-	-
Interest receivable	141	-	141	-
Total assets	<u>166,490</u>	<u>-</u>	<u>72,857</u>	<u>93,633</u>
LIABILITIES				
Accounts payable	19,113	-	16,958	2,155
Garnishments and deposits	52,005	-	21,390	30,615
Customer deposits	95,298	-	35,726	59,572
Impact fees - interest	74	1,217	-	1,291
Total liabilities	<u>\$ 166,490</u>	<u>\$ 1,217</u>	<u>\$ 74,074</u>	<u>\$ 93,633</u>



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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 _____	6-2
<i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	
Revenue Capacity _____	6-7
<i>These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.</i>	
Debt Capacity _____	6-12
<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 _____	6-17
<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 _____	6-20
<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>	

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

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

Source: City of Bellingham CAFR's 2002-2008.

Note: Year 2002 is the earliest available historical data per GASB Statement 34 implementation. Beginning in year 2007 the Public Facilities District (PFD) is separately reported as a Discrete Component Unit accounting for a change in net assets of \$13,559,751 between 2006 and 2007.

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

	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental activities							
General government	\$ 13,279,680	\$ 14,159,375	\$ 10,915,142	\$ 11,089,032	\$ 13,866,795	\$ 14,284,854	\$ 15,976,149
Public safety	25,878,696	26,756,344	27,416,212	29,418,316	30,176,940	35,049,105	37,993,287
Physical environment	3,682,285	3,899,521	4,457,323	3,750,150	4,231,976	4,910,829	6,557,780
Transportation	7,929,942	7,543,476	7,841,862	8,643,230	8,895,051	9,335,399	9,853,604
Economic environment	4,349,341	3,678,977	4,053,125	4,015,164	5,358,832	5,645,655	5,495,025
Mental and physical health	42,027	75,786	52,182	60,093	60,093	45,929	77,346
Culture and recreation	11,298,862	11,574,675	12,139,503	12,654,783	13,868,673	13,477,767	15,719,617
Redemption of general long-term debt	-	1,289,390	-	-	-	-	-
Interest and other debt service costs	1,318,036	893,334	1,268,721	1,454,831	1,302,372	1,192,772	1,146,323
Total governmental activities expenses	67,778,869	69,870,878	68,144,070	71,085,599	77,760,732	83,942,310	92,819,131
Business-type activities							
Water	10,174,867	10,793,928	11,108,784	10,872,803	12,475,713	13,141,474	14,190,176
Wastewater	10,596,498	10,412,085	10,668,320	11,524,801	12,748,773	13,418,966	14,394,572
Surface and stormwater	-	-	-	3,740,021	3,964,093	4,121,268	4,565,706
Solid waste	-	-	-	5,452,417	1,741,750	1,865,236	985,055
Cemetery	-	-	-	492,307	540,511	634,208	612,882
Golf course	-	-	-	760,381	736,496	741,103	150,966
Parking	-	-	-	875,404	1,094,941	984,043	1,196,683
Medic one	6,572,659	6,921,739	6,799,473	6,831,349	7,878,728	8,657,338	9,044,577
Development services	-	-	-	2,609,138	2,747,268	2,574,241	2,888,843
Other business-type activities	7,586,832	7,694,819	9,543,683	-	-	-	-
Total business-type activities expenses	34,930,856	35,822,571	38,120,260	43,158,621	43,928,273	46,137,877	48,029,460
Total primary government expenses	\$102,709,725	\$105,693,449	\$106,264,330	\$114,244,220	\$121,689,005	\$130,080,187	\$140,848,591
Program Revenues							
Governmental activities							
Charges for services:							
General government	\$ 9,339,003	\$ 5,893,041	\$ 5,090,982	\$ 6,978,664	\$ 7,378,154	\$ 8,214,128	\$ 7,629,530
Public safety	5,582,699	5,859,182	4,137,835	4,832,625	4,716,786	5,536,189	4,652,808
Physical environment	2,783,772	3,094,960	2,609,588	2,797,346	2,908,572	2,865,241	3,332,454
Transportation	1,904,121	959,312	455,452	437,267	820,489	982,665	780,990
Economic environment	790,480	826,452	1,229,828	1,252,248	1,576,664	1,340,234	1,031,818
Culture and recreation	1,255,841	1,306,930	2,411,547	4,015,913	1,579,059	1,658,473	2,957,313
Redemption of general long-term debt	68,976	74,241	-	-	-	-	-
Operating grants and contributions	8,399,993	11,890,791	5,870,274	3,902,310	4,365,394	3,493,504	4,654,983
Capital grants and contributions	7,002,295	4,019,672	4,849,861	5,198,298	8,240,714	11,137,427	8,277,317
Total governmental activities program revenues	37,127,180	33,924,581	26,655,367	29,414,671	31,585,832	35,227,861	33,317,213
Business-type activities							
Charges for services:							
Water	12,182,880	11,635,263	11,522,506	12,662,209	13,715,124	14,426,124	14,906,201
Wastewater	12,565,788	12,990,049	14,593,476	14,007,723	14,327,011	15,269,074	17,076,027
Surface and stormwater	-	-	-	3,997,067	4,426,473	4,884,658	4,950,172
Solid waste	-	-	-	197,220	830,445	308,130	233,471
Cemetery	-	-	-	286,095	305,660	366,050	346,156
Golf course	-	-	-	755,881	757,042	729,949	184,297
Parking	-	-	-	969,013	1,106,119	2,375,143	2,285,357
Medic one	4,176,400	4,312,241	5,559,733	5,859,978	5,944,914	7,291,514	8,024,156
Development services	-	-	-	2,622,009	2,644,051	2,866,133	2,360,011
Other business-type activities	6,013,345	6,874,452	7,653,881	-	-	-	-
Operating grants and contributions	5,891,297	7,829,401	379,224	599,117	49,406	45,593	6,607
Capital grants and contributions	28,645	34,295	102,041	344,615	3,426,595	1,762,313	2,368,644
Total business-type activities revenues	40,858,355	43,675,701	39,810,861	42,300,927	47,532,840	50,324,681	52,741,099
Total primary government program revenues	\$ 77,985,535	\$ 77,600,282	\$ 66,466,228	\$ 71,715,598	\$ 79,118,672	\$ 85,552,542	\$ 86,058,312

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

	2002	2003	2004	2005	2006	2007	2008
Net (Expense) Revenue							
Governmental activities	\$ (30,651,689)	\$ (35,946,297)	\$ (41,488,703)	\$ (41,670,928)	\$ (46,174,900)	\$ (48,714,449)	\$ (59,501,918)
Business-type activities	<u>5,927,499</u>	<u>7,853,130</u>	<u>1,690,601</u>	<u>(857,694)</u>	<u>3,604,567</u>	<u>4,186,804</u>	<u>4,711,639</u>
Total primary government net expense	<u>\$ (24,724,190)</u>	<u>\$ (28,093,167)</u>	<u>\$ (39,798,102)</u>	<u>\$ (42,528,622)</u>	<u>\$ (42,570,333)</u>	<u>\$ (44,527,645)</u>	<u>\$ (54,790,279)</u>
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes							
Property taxes	\$ 13,047,167	\$ 12,461,078	\$ 12,819,530	\$ 12,744,306	\$ 13,092,773	\$ 15,905,123	\$ 16,560,804
Retail sales and use taxes	15,788,358	17,672,260	18,781,686	19,974,866	22,136,372	21,854,574	21,603,021
Interfund taxes	2,338,504	3,042,009	3,066,935	3,355,251	3,563,139	3,763,959	4,022,074
Business taxes	14,520,375	15,480,065	16,098,324	17,628,056	19,220,883	20,972,718	21,208,125
Other taxes	2,681,476	3,450,518	4,099,398	4,534,052	4,522,487	4,085,034	3,330,446
Unrestricted investment earnings	2,631,032	1,140,764	1,022,486	2,160,842	3,878,646	4,776,518	4,274,577
Miscellaneous sources (uses)	-	(28,372)	432,842	-	-	7,207,497	1,140,391
Contributions	-	1,426,561	6,724,498	1,489,229	-	-	-
Gain (loss) on sale of capital assets	-	-	-	(278,942)	-	-	-
Transfers	<u>(1,817,743)</u>	<u>(1,274,489)</u>	<u>(1,216,211)</u>	<u>(321,902)</u>	<u>(44,337)</u>	<u>(202,204)</u>	<u>(480,030)</u>
Total governmental activities	<u>49,189,169</u>	<u>53,370,394</u>	<u>61,829,488</u>	<u>61,285,758</u>	<u>66,369,963</u>	<u>78,363,219</u>	<u>71,659,408</u>
Business-type activities							
Retail sales and use taxes	-	-	-	-	350,465	595,633	-
Interfund taxes	552,520	-	-	-	-	-	-
Business taxes	-	-	-	883,843	1,163,203	1,256,117	1,271,585
Other taxes	-	-	618,431	-	-	-	-
Unrestricted investment earnings	(103)	924,446	569,838	1,125,536	2,075,081	2,709,735	2,843,893
Miscellaneous sources (uses)	-	-	64,663	-	-	1,000,000.0	-
Contributions	-	-	2,959,208	1,348,323	-	-	-
Gain (loss) on sale of capital assets	-	-	-	20,557	336,898	34,734	586,780
Transfers	<u>1,817,743</u>	<u>1,274,489</u>	<u>1,216,211</u>	<u>321,902</u>	<u>44,337</u>	<u>202,204</u>	<u>480,030</u>
Total business-type activities	<u>2,370,160</u>	<u>2,198,935</u>	<u>5,428,351</u>	<u>3,700,161</u>	<u>3,969,984</u>	<u>5,798,423</u>	<u>5,182,288</u>
Total primary government	<u>\$ 51,559,329</u>	<u>\$ 55,569,329</u>	<u>\$ 67,257,839</u>	<u>\$ 64,985,919</u>	<u>\$ 70,339,947</u>	<u>\$ 84,161,642</u>	<u>\$ 76,841,696</u>
Change in Net Assets							
Governmental activities	\$ 18,537,480	\$ 17,424,097	\$ 20,340,785	\$ 19,614,830	\$ 20,195,063	\$ 29,648,770	\$ 12,157,490
Business-type activities	8,297,659	10,052,065	7,118,952	2,842,467	7,574,551	9,985,227	9,893,927
Prior period adjustments	<u>13,410,711</u>	<u>4,354,585</u>	<u>45,774,785</u>	<u>-</u>	<u>-</u>	<u>18,452,702</u>	<u>8,716,830</u>
Total primary government	<u>\$ 40,245,850</u>	<u>\$ 31,830,747</u>	<u>\$ 73,234,522</u>	<u>\$ 22,457,297</u>	<u>\$ 27,769,614</u>	<u>\$ 58,086,699</u>	<u>\$ 30,768,247</u>

Source: City of Bellingham CAFR's 2002-2008.

Note: Year 2002 is the earliest available historical data per GASB 34 implementation. Years 2002-2004 have not been restated; all the business-type funds that were not individually stated are combined under "Other business-type activities". Beginning in year 2007 the Public Facilities District (PFD) is separately reported as a Discrete Component Unit accounting for a change in net assets of \$13,559,751 between 2006 and 2007.

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

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

Source: City of Bellingham Governmental Funds Balance Sheet 2002-2008.

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

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

	2002	2003	2004	2005	2006	2007	2008
Revenues							
Taxes (see schedule 5)	\$ 47,853,452	\$ 52,114,673	\$ 54,939,484	\$ 58,334,861	\$ 62,517,853	\$ 66,477,096	\$ 66,787,714
Licenses and permits	561,444	664,696	686,053	748,160	839,561	917,718	962,989
Intergovernmental revenue	10,842,978	7,505,414	10,701,346	9,352,256	10,839,504	11,980,989	12,338,995
Charges for services	15,296,397	15,954,548	12,796,330	13,635,249	15,282,851	18,728,092	15,205,392
Fines and forfeits	1,506,190	1,435,403	1,505,718	1,531,297	1,757,922	1,153,695	1,136,335
Miscellaneous revenues	<u>4,627,262</u>	<u>8,134,498</u>	<u>3,065,575</u>	<u>5,835,324</u>	<u>5,390,953</u>	<u>13,121,564</u>	<u>6,393,108</u>
Total revenues	<u>80,687,723</u>	<u>85,809,232</u>	<u>83,694,506</u>	<u>89,437,147</u>	<u>96,628,644</u>	<u>112,379,154</u>	<u>102,824,533</u>
Expenditures							
General government	13,254,849	14,333,409	11,013,084	11,299,397	14,188,145	14,081,146	16,141,149
Public safety	25,161,649	27,028,326	26,995,761	29,226,910	31,616,600	33,044,238	37,662,623
Physical environment	3,855,560	4,068,251	4,119,080	4,013,739	4,374,785	4,938,868	6,752,365
Transportation	4,190,479	4,166,516	4,297,507	4,963,151	4,975,443	5,234,218	5,904,387
Economic environment	4,362,288	3,762,357	4,140,276	4,066,829	5,494,392	4,976,102	5,398,503
Mental and physical health	42,027	70,045	57,529	60,093	60,093	45,929	77,346
Cultural and recreation	10,754,115	11,117,728	11,346,889	11,825,657	12,896,367	12,880,007	14,727,561
Debt service:							
Principal	3,048,816	2,479,390	2,816,311	2,611,031	2,633,025	2,519,893	2,664,430
Interest	1,124,505	962,322	1,217,242	1,479,864	1,316,975	1,207,355	1,162,285
Capital outlay	<u>17,415,248</u>	<u>10,273,780</u>	<u>22,535,717</u>	<u>8,728,506</u>	<u>21,129,218</u>	<u>15,820,342</u>	<u>23,252,908</u>
Total expenditures	<u>83,209,536</u>	<u>78,262,124</u>	<u>88,539,396</u>	<u>78,275,177</u>	<u>98,685,043</u>	<u>94,748,098</u>	<u>113,743,557</u>
Excess of revenues over (under) expenditures	(2,521,813)	7,547,108	(4,844,890)	11,161,970	(2,056,399)	17,631,056	(10,919,024)
Other Financing Sources (Uses)							
General long-term debt	1,487,500	1,190,000	148,750	148,750	-	-	-
Current refunding of long-term debt	-	-	(970,000)	-	-	-	-
Interest and other debt service costs	-	-	(6,447)	-	-	-	-
Bond issue	-	-	20,690,000	-	-	-	-
Premium on bonds	-	-	425,314	-	-	-	-
Gain (loss) on sale of capital assets	174,360	-	1,021,934	1	-	-	-
Insurance Recovery	-	-	-	-	-	-	1,008,046
Intergovernmental agreements	-	-	-	-	-	-	-
Transfers in	4,222,531	8,715,789	4,297,917	5,588,838	9,896,036	4,901,560	3,549,291
Transfers out	<u>(5,849,273)</u>	<u>(8,642,530)</u>	<u>(5,934,020)</u>	<u>(5,809,108)</u>	<u>(10,226,222)</u>	<u>(6,527,547)</u>	<u>(6,688,446)</u>
Total other financing sources (uses)	<u>35,118</u>	<u>1,263,259</u>	<u>19,673,448</u>	<u>(71,519)</u>	<u>(330,186)</u>	<u>(1,625,987)</u>	<u>(2,131,109)</u>
Prior period adjustments	-	-	2,432	-	-	-	-
Net change in fund balances	\$ <u>(2,486,695)</u>	\$ <u>8,810,367</u>	\$ <u>14,830,990</u>	\$ <u>11,090,451</u>	\$ <u>(2,386,585)</u>	\$ <u>16,005,069</u>	\$ <u>(13,050,133)</u>
Debt service as a percentage of non-capital expenditures	6.3%	5.1%	6.1%	5.9%	5.1%	4.7%	4.2%

Source: City of Bellingham Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances 2002-2008.

Note: In 2007 the Public Facilities District (PFD) began reporting separately as a Discrete Component Unit accounting for a change in fund balance of \$4,761,339 between 2006 and 2007.

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

Fiscal Year	Property	Sales & Use	Utility	Business & Occupation	Real Estate Excise	Other	Total
1999	10,612,532	12,747,875	7,815,455	7,781,661	1,683,797	499,205	41,140,525
2000	11,003,647	14,358,070	9,105,316	7,717,644	1,767,133	589,432	44,541,242
2001	11,845,518	14,791,125	8,989,733	7,828,804	1,879,597	616,813	45,951,590
2002	12,510,081	15,788,357	8,811,567	8,098,187	1,997,630	647,630	47,853,452
2003	12,457,296	17,672,260	9,239,961	9,341,033	2,857,688	546,435	52,114,673
2004	12,892,161	18,781,687	9,648,372	9,567,347	3,471,146	578,771	54,939,484
2005	12,841,875	19,974,866	10,187,887	10,878,402	3,828,078	623,753	58,334,861
2006	13,074,970	22,136,373	11,139,916	11,701,244	3,858,362	606,988	62,517,853
2007	15,800,811	21,854,573	12,122,000	12,666,213	3,419,608	613,891	66,477,096
2008	16,620,768	21,603,021	12,795,235	12,586,101	2,540,771	641,818	66,787,714
Change 1999-2008	56.61%	69.46%	63.72%	61.74%	50.90%	28.57%	62.34%

Source: City of Bellingham Finance Department.

**Schedule 6
Assessed Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year	Real Property				Total Real Property	Personal Property	Total All Property	Total Direct Tax Rate
	Residential Property	Commercial Property	Manufacturing Property	Public & Quasi Public				
1999	-	-	-	-	-	-	3,836,423,735	3.06052
2000	-	-	-	-	-	-	3,932,604,474	3.09686
2001	-	-	-	-	-	-	4,154,459,646	3.13236
2002	-	-	-	-	-	-	4,488,602,150	3.02195
2003	-	-	-	-	-	-	4,598,293,447	2.92713
2004	-	-	-	-	-	-	4,683,841,660	2.96765
2005	-	-	-	-	-	-	5,348,485,164	2.62756
2006	-	-	-	-	6,229,382,888	405,622,601	6,635,005,489	2.20442
2007	4,896,842,588	1,235,365,589	237,571,189	73,794,797	6,443,574,163	425,074,376	6,868,648,539	2.53663
2008	4,937,529,780	1,236,146,535	366,921,454	74,666,375	6,615,264,144	455,422,134	7,070,686,278	2.56107

Source: Whatcom County Assessor's Office.

Note: The breakdown of residential, commercial and industrial property values and actual taxable values are not available prior to 2007.

Property in Whatcom County is reassessed once every 4 years on average. The County assesses property at 100% of actual value.

Tax rates are per \$1,000 of assessed value. The direct tax rate is the City's direct levy rate from Schedule 7.

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
City of Bellingham										
General fund	2.07533	2.11316	2.16053	2.09114	2.09193	2.12921	2.04020	1.68297	1.68677	1.70899
What RDA LIFT	-	-	-	-	-	-	-	-	-	0.00018
Fire pension	<u>0.22500</u>	<u>0.22500</u>	<u>0.22500</u>	<u>0.22500</u>	<u>0.22500</u>	<u>0.22500</u>	<u>0.22500</u>	<u>0.22500</u>	<u>0.22500</u>	<u>0.22500</u>
Sub-total nonvoted levy	2.30033	2.33816	2.38553	2.31614	2.31693	2.35421	2.26520	1.90797	1.91177	1.93417
Voted greenways	<u>0.57000</u>	<u>0.57000</u>	<u>0.57000</u>	<u>0.57000</u>	<u>0.57000</u>	<u>0.57000</u>	<u>0.29748</u>	<u>0.24761</u>	<u>0.57000</u>	<u>0.57493</u>
Total regular levy	2.87033	2.90816	2.95553	2.88614	2.88693	2.92421	2.56268	2.15558	2.48177	2.50910
Voted excess levies	<u>0.19019</u>	<u>0.18870</u>	<u>0.17683</u>	<u>0.13581</u>	<u>0.04020</u>	<u>0.04344</u>	<u>0.06488</u>	<u>0.04884</u>	<u>0.05486</u>	<u>0.05197</u>
Total City of Bellingham levy	3.06052	3.09686	3.13236	3.02195	2.92713	2.96765	2.62756	2.20442	2.53663	2.56107
Overlapping Districts										
State schools	3.42126	3.35939	3.27641	3.14299	3.11238	3.15695	3.21948	2.97937	2.69846	2.42701
County levy	1.51790	1.52511	1.49770	1.47041	1.45274	1.55023	1.46589	1.32537	1.14785	1.08884
Conservation futures	0.06250	0.06250	0.06250	0.06136	0.06062	0.06022	0.05694	0.05148	0.04453	0.04229
Flood control	-	-	-	-	-	0.19370	0.18345	0.16582	0.14354	0.13625
Port of Bellingham	0.39634	0.39634	0.39634	0.39012	0.38575	0.38320	0.38258	0.38320	0.34220	0.32465
Bellingham School District	<u>3.84412</u>	<u>3.95833</u>	<u>3.91471</u>	<u>3.72605</u>	<u>3.83237</u>	<u>3.79208</u>	<u>3.45964</u>	<u>2.97790</u>	<u>3.27693</u>	<u>3.26299</u>
Total City & overlapping levy	12.30264	12.39853	12.28002	11.81288	11.77099	12.10403	11.39554	10.08756	10.19014	9.84310

Source: Whatcom County Assessor's Office.

Note: A portion of the City of Bellingham is within the Meridian School District. The 2008 levy rate for Meridian is 3.07823.

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

Tax payer	2008			1999		
	Taxable assessed value	Rank	Percentage of total city taxable assessed value	Taxable assessed value	Rank	Percentage of total city taxable assessed value
Puget Sound Energy	\$ 145,426,941	1	2.06%	\$ 117,261,070	1	2.94%
Bellis Fair Mall - Bellis Fair Partners	32,856,940	2	0.46%	46,383,500	2	1.16%
Sunset Square - PKII Sunset Square LLC	20,891,450	3	0.30%	-	0	-
Qwest Corporation	19,597,018	4	0.28%	-	0	-
Spring Creek Retirement Center - MWSH Bellingham LLC	15,863,025	5	0.22%	-	0	-
Fred Meyer - Roundup Co.	15,537,950	6	0.22%	-	0	-
Belleau Woods - Carey Northwest LLC	14,608,300	7	0.21%	-	0	-
Madrona Medical - 4545 Cordata Parkway LLC	13,471,175	8	0.19%	-	0	-
Metropolitan Life Insurance	13,356,365	9	0.19%	-	0	-
Haggen Talbot Company Ltd.	13,315,970	10	0.19%	11,000,930	9	0.28%
Georgia-Pacific West, Inc.	-	-	-	46,273,590	3	1.16%
Bellingham Cold Storage - Talbot RE LLC	-	-	-	38,656,065	4	0.97%
Trillium Corporation	-	-	-	28,173,700	5	0.71%
Pan Pacific Development Corporation	-	-	-	20,182,195	6	0.51%
Burnham Pacific Operating Partnership	-	-	-	13,239,900	7	0.33%
Hexel Corporation	-	-	-	12,947,100	8	0.32%
Wal-Mart R.E. Business Trust	-	-	-	10,854,960	10	0.27%
Total Top Ten Principal Taxpayers	<u>\$ 304,925,134</u>		<u>4.31%</u>	<u>\$ 344,973,010</u>		<u>8.65%</u>
Total All Taxpayers	<u>\$ 7,070,686,278</u>			<u>\$ 3,988,920,074</u>		

Source: Whatcom County Assessor's Office.

Schedule 9
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal year	Taxes levied for the fiscal year	Current tax collected	Percent of levy collected	Delinquent tax collected	Total tax collected	Percent of total tax collected
1999	11,728,185	11,426,565	97.4%	264,109	11,690,674	99.7%
2000	12,165,955	11,862,824	97.5%	244,598	12,107,422	99.5%
2001	13,001,459	12,547,663	96.5%	215,575	12,763,238	98.2%
2002	13,555,413	13,244,413	97.7%	271,744	13,516,157	99.7%
2003	13,457,161	13,132,508	97.6%	360,876	13,493,384	100.3%
2004	13,910,630	13,656,680	98.2%	288,579	13,945,259	100.2%
2005	14,050,825	13,767,756	98.0%	273,309	14,041,065	99.9%
2006	14,623,252	14,371,570	98.3%	184,349	14,555,919	99.5%
2007	17,419,207	17,161,069	98.5%	181,443	17,342,512	99.6%
2008	18,104,429	17,840,420	98.5%	382,628	18,223,048	100.7%

Source: Whatcom County Treasurer's Office.

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

Fiscal year	Governmental activities				Business-type activities				Total Primary Government	Percentage of personal income**	Per Capita
	General obligation bonds	Special assessment bonds	Notes payable	Government loans payable	Revenue bonds (net)*	General obligation bonds (net)	Notes payable	Government loans payable			
2002	\$10,960,000	\$3,985,000	\$193,076	\$ 2,684,617	\$17,333,293	\$1,045,000	\$ -	\$1,398,798	\$37,599,784	2.13%	543
2003	9,990,000	3,160,000	188,483	3,694,821	15,307,399	975,000	-	2,216,198	35,531,901	1.89%	509
2004	28,490,000	2,395,000	183,557	3,517,186	17,786,760	890,000	3,000,000	2,064,598	58,327,101	2.93%	821
2005	26,755,000	1,865,000	178,275	3,325,188	16,072,872	9,383,724	2,500,000	2,004,515	62,084,574	2.93%	858
2006	25,045,000	1,295,000	172,612	2,977,826	25,512,805	9,024,038	2,000,000	2,527,532	68,554,813	3.04%	933
2007	23,255,000	925,000	166,539	2,624,007	23,006,084	8,654,352	1,500,000	2,370,545	62,501,527	2.56%	831
2008	21,542,912	514,485	160,027	2,211,089	26,435,000	8,245,098	1,000,000	2,177,772	62,286,383	-	822

Source: Long-term Debt Notes in City of Bellingham CAFR's since implementation of GASB 34 in 2002.

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

** See Schedule 15 for per capita personal income and population data. Local data is not yet available for 2008 personal income.

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

Fiscal year	General obligation bonds	Debt service funds available	Net general obligation bonds	Percentage of actual taxable value of property	Per capita
1999	11,640,000	774,873	10,865,127	0.28%	169.58
2000	10,675,000	794,601	9,880,399	0.25%	147.09
2001	12,385,000	881,320	11,503,680	0.28%	166.99
2002	12,005,000	275,148	11,729,852	0.26%	169.36
2003	10,965,000	592,312	10,372,688	0.23%	148.50
2004	29,380,000	231,072	29,148,928	0.62%	410.09
2005	36,245,000	184,183	36,060,817	0.67%	498.63
2006	34,170,000	172,173	33,997,827	0.51%	462.81
2007	32,005,000	163,426	31,841,574	0.46%	423.31
2008	29,720,000	191,001	29,528,999	0.42%	389.82

Source: City of Bellingham CAFR schedules 9 and 10.

Schedule 12
Direct and Overlapping Governmental Activities Debt
As of December 31, 2008

Governmental Unit	Debt outstanding	Estimated percentage applicable	Estimated share of direct and overlapping debt
Bellingham School District #501	84,210,000	74.0%	62,315,400
Ferndale School District #502	36,455,000	0.1%	36,455
Port of Bellingham	15,000,000	33.3%	4,995,000
Whatcom County	7,145,000	33.3%	2,379,285
Whatcom County Fire District #4	2,155,000	6.3%	135,765
Meridian School Dist #505	982,333	19.5%	<u>191,555</u>
Subtotal, overlapping debt			70,053,460
City of Bellingham direct debt			<u>29,720,000</u>
Total direct and overlapping debt			<u><u>\$ 99,773,460</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by Whatcom County Assessor. Outstanding debt data provided by Whatcom County Treasurer and Port of Bellingham.

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

**Schedule 13
Legal Debt Margin Information
Last Ten Fiscal Years**

Legal Debt Margin Calculation for Fiscal Year 2008	
Total assessed value	<u>\$8,079,556,522</u>
Debt limit:	
Non-voted debt limit (1.5% of assessed value)	121,193,348
Voted debt limit (1.0% of assessed value)	80,795,565
Total debt limit	201,988,913
Debt applicable to limit:	
General obligation bonds	29,720,000
Other debt	160,027
Less: assets available for repayment of debt	<u>(191,001)</u>
Total debt applicable to limit	<u>29,689,026</u>
Legal debt margin	<u>\$ 172,299,887</u>

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	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total assessed valuation	<u>\$ 3,988,920,074</u>	<u>\$ 4,210,019,871</u>	<u>\$ 4,154,459,646</u>	<u>\$ 4,488,602,150</u>	<u>\$ 4,598,293,447</u>	<u>\$ 5,348,485,164</u>	<u>\$ 6,635,005,489</u>	<u>\$ 6,868,648,539</u>	<u>\$ 7,070,686,278</u>	<u>\$ 8,079,556,522</u>
Debt limit (2.5%)	99,723,002	105,250,497	103,861,491	112,215,054	114,957,336	133,712,129	165,875,137	171,716,213	176,767,157	201,988,913
Total net debt applicable to limit	<u>12,650,359</u>	<u>11,287,381</u>	<u>12,539,020</u>	<u>12,396,661</u>	<u>10,760,312</u>	<u>29,262,019</u>	<u>36,239,090</u>	<u>34,170,337</u>	<u>32,008,113</u>	<u>29,689,026</u>
Legal debt margin	<u>\$ 87,072,643</u>	<u>\$ 93,963,116</u>	<u>\$ 91,322,471</u>	<u>\$ 99,818,393</u>	<u>\$ 104,197,024</u>	<u>\$ 104,450,110</u>	<u>\$ 129,636,047</u>	<u>\$ 137,545,876</u>	<u>\$ 144,759,044</u>	<u>\$ 172,299,887</u>
Total net debt applicable to limit as a percentage of debt limit	12.7%	10.7%	12.1%	11.0%	9.4%	21.9%	21.8%	19.9%	18.1%	14.7%

Source: Assessed Valuation data is provided by the Whatcom County Assessor.
Note: The legal general purposes debt limit of 2.5% is authorized by RCW 39.36.020.

Schedule 14
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal year	Water-Sewer revenue bonds						Special assessment (LID) bonds			
	Gross Revenue	Operating Expense	Net available revenue	Debt service		Percentage bond coverage	Special assessment collections	Debt Service		Percentage bond coverage
				Principal	Interest			Principal	Interest	
1999	23,113,283	13,248,879	9,864,404	1,910,000	1,075,160	3.30	1,760,935	1,310,000	442,853	1.00
2000	24,727,536	14,236,922	10,490,614	1,695,000	1,174,197	3.66	1,069,185	680,000	374,833	1.01
2001	25,526,650	14,979,252	10,547,398	1,875,000	985,350	3.69	879,458	535,000	337,390	1.01
2002	25,662,709	16,057,401	9,605,308	1,965,000	901,148	3.35	1,257,651	945,000	305,660	1.01
2003	25,820,131	16,356,359	9,463,772	2,050,000	809,678	3.31	1,086,486	825,000	251,448	1.01
2004	25,851,284	16,819,139	9,032,145	2,150,000	565,726	3.33	973,069	765,000	202,048	1.01
2005	27,954,210	17,444,886	10,509,324	1,725,000	830,794	4.11	695,305	530,000	154,818	1.02
2006	29,979,626	19,819,809	10,159,817	1,860,000	669,589	4.02	702,709	570,000	120,993	1.02
2007	32,006,315	20,916,527	11,089,788	2,520,000	1,058,107	3.10	788,068	370,000	83,213	1.74
2008	33,954,048	22,816,773	11,137,275	2,675,000	967,095	3.06	410,967	355,000	58,925	0.99

Source: City of Bellingham bond documents and Proprietary Funds Statement of Revenues, Expenses and Changes in Fund Net Assets.

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include depreciation or amortization expenses.

Schedule 15
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
1999	64,070	1,491,421	23,278	-	-	-	4.8
2000	67,171	1,628,225	24,240	30.4	14.7	23,346	5.2
2001	68,890	1,750,977	25,417	-	-	-	6.5
2002	69,260	1,765,645	25,493	-	-	-	6.8
2003	69,850	1,877,847	26,884	-	-	-	6.6
2004	71,080	1,993,723	28,049	-	-	-	5.7
2005	72,320	2,121,363	29,333	30.1	15.1	22,726	4.9
2006	73,460	2,254,340	30,688	30.7	15.0	25,667	4.6
2007	75,220	2,443,522	32,485	29.7	14.9	29,343	4.1
2008	75,750	-	-	-	-	-	4.7

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

Per capita personal income source: Bureau of Economic Analysis . Local data is not yet available for 2008.

Median age, education level, and school enrollment source: U.S. Census Bureau, American FactFinder. Local data is not yet available for 2008.

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

The data in the table above represents the Bellingham, WA Metropolitan Statistical Area (MSA) except the population data is for the city of Bellingham.

Schedule 16
Principal Employers
Current Year and Five Years Prior

Employer	2008			2003		
	Employees	Rank	Percentage of total city employment	Employees	Rank	Percentage of total city employment
St. Joseph Hospital	2,706	1	6.27%	1,800	2	4.94%
Western Washington University	1,664	2	3.85%	1,970	1	5.40%
Bellingham School District	1,300	3	3.01%	1,216	3	3.33%
Whatcom County	920	4	2.13%	828	4	2.27%
City of Bellingham	852	5	1.97%	823	6	2.26%
Haggen Inc.	933	6	2.16%	827	5	2.27%
Sterling Life Insurance	700	7	1.62%	-	-	-
Sodexo Services	671	8	1.55%	400	10	1.10%
Fred Meyer's	552	9	1.28%	-	-	-
The Markets LLC	485	10	1.12%	-	-	-
Anvil Corporation	-	-	-	560	7	1.54%
Brown & Cole Stores	-	-	-	520	8	1.43%
T-Mobile USA	-	-	-	500	9	1.37%
Total Employers	<u>10,783</u>		<u>25.0%</u>	<u>9,444</u>		<u>25.9%</u>
Total City Employment	<u>43,175</u>			<u>36,462</u>		

Sources: Western Washington University College of Business and Economics, Economics and Business Research for 2008 employer data. Bellingham Herald for 2003 employer data, and U.S. Department of Labor, Bureau of Labor Statistics for total city employment data.

Note: Fiscal year 2003 is the earliest available historical data.

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

Employee groups	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Elected Mayor	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	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
Non-Represented Employee Group	66.3	69.1	75.9	75.6	78.6	77.4	77.1	79.9	83.9	90.8
Supervisors & Professionals	79.6	81.0	90.9	94.3	100.6	101.7	104.9	103.4	108.6	107.8
Professional Librarians	9.1	9.1	9.3	9.3	8.3	8.0	8.0	8.0	8.0	8.0
Emergency Med Svcs Dispatch	-	-	10.0	11.0	11.0	11.0	12.0	12.0	12.0	13.0
Fire Supervisors	7.0	8.0	8.0	8.0	8.0	7.3	7.0	8.0	8.0	8.0
Firefighters	116.0	117.0	120.8	128.7	129.7	129.3	122.5	126.0	132.0	135.0
Police	93.0	97.0	97.0	98.0	98.0	95.4	95.1	100.0	102.0	102.0
WHAT COMM Dispatch	-	-	-	-	23.0	23.0	23.0	23.0	26.0	26.0
Non-Uniformed	371.9	381.2	387.3	379.1	355.7	334.4	323.5	327.3	336.5	352.1
Total regular workforce	751.9	771.4	808.2	814.0	822.9	797.5	783.1	797.6	827.0	851.7
Temporary Labor	63.1	58.8	69.0	73.4	69.1	60.9	59.2	62.2	66.7	64.6
Total paid workforce	815.0	830.2	877.2	887.4	892.0	858.4	842.3	859.8	893.7	916.3

Sources: City of Bellingham 1999 - 2008 Adopted Budgets.

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Governmental Services									
Judicial									
Parking tickets	50,147	46,235	42,990	49,000	47,633	50,562	43,010	48,560	52,921
Jury trials set	712	489	276	312	368	479	419	433	342
Jury trials held	42	30	7	6	6	11	18	12	10
Driving under influence cases	467	396	283	282	260	258	238	214	229
Finance									
Business tax returns	19,753	19,983	20,100	20,300	20,780	21,140	21,300	21,600	21,602
Receipts issued	26,483	27,268	39,978	40,552	41,705	40,212	38,401	40,005	38,952
Invoices entered	41,288	41,302	38,469	35,718	37,363	36,028	38,250	37,834	37,341
Human Resources and Payroll									
Applications for employment	6,494	4,770	4,350	2,428	1,932	2,205	2,152	2,434	1,845
Selection processes	113	72	83	52	56	78	84	90	67
Average employees paid/mo	918	952	966	968	949	930	947	967	990
Legal									
Criminal filings	4,369	3,993	3,700	4,183	4,015	3,552	3,809	4,138	3,860
Claims filed	72	65	80	93	70	54	46	62	60
Public Safety									
Police									
Calls for service	48,207	49,368	53,952	67,390	69,533	65,211	65,148	65,243	63,861
Calls per patrol officer	927	949	1,037	1,140	1,140	1,069	1,068	1,070	1,047
Cases assigned per detective	174	216	175	214	187	147	156	161	96
Total dispatch incidents/CAD	110,063	117,304	120,080	125,544	128,089	126,709	128,089	128,665	129,048
Fire									
Fire unit responses	8,113	8,538	8,920	9,059	9,802	8,277	8,211	7,735	7,592
Total fire inspections	n/a	n/a	n/a	981	1,295	1,216	1,036	1,605	1,558
Fire investigations	35	18	21	11	14	7	16	18	15
Physical Environment									
Public Works									
Million of gallons water treated/day	9	10	10	10	10	10	10	11	10
Million of gallons wastewater/day	11	12	11	12	13	12	12	12	12
Transportation									
Public Works									
Street light maintained	2,837	2,950	3,150	3,173	3,200	3,264	3,314	3,378	3,395
Traffic signs maintained	7,330	7,740	8,650	9,893	10,237	10,510	9,070	9,612	13,249
Economic Environment									
Hearing Examiner									
Cases heard	29	64	69	75	84	76	55	54	33
Planning									
Subdivision/short plats	52	54	59	55	47	99	61	40	19
New lots created	149	263	201	200	123	130	284	231	81
Building permit applications	1,140	1,138	1,140	1,142	1,184	1,140	626	946	776
Development Services (Building Services)									
Plans reviewed	1,290	2,159	2,915	2,000	1,145	2,146	2,123	1,738	1,553
Total permits issued	4,143	4,080	4,390	4,608	4,770	4,846	4,198	4,372	3,681
Culture and Recreation									
Library									
Circulation per capita	15	16	16	16	17	17	16	17	19
Persons visiting	n/a	n/a	n/a	671,822	698,000	702,171	744,856	816,302	893,997
Museum									
Total attendance	100,620	103,205	107,675	103,299	104,565	111,705	106,001	103,656	90,700
Child attendance	56,090	57,178	62,146	58,501	60,580	64,586	63,477	43,549	33,127
Golf Course									
Rounds of play	50,467	48,577	47,964	46,543	47,540	44,829	45,167	42,200	n/a
Parks									
Aquatic center - total admissions	n/a	n/a	n/a	192,391	199,277	191,311	197,840	204,665	198,827
Sports and Enrichment - total attendance	n/a	n/a	n/a	n/a	n/a	n/a	19,012	20,543	33,231
Cum. acres of parks acq-greenway levy	241	330	392	483	499	510	511	525	598

Source: City of Bellingham 2000-2009 Adopted Budgets

Note: Data is only available from 2000-2008; "n/a" indicates years when data is not available. Beginning in 2008 the golf course is being leased out to a contractor for operations.

Schedule 19
Capital Asset Statistics by Function
Last Nine Fiscal Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Governmental Services									
City Hall	1	1	1	1	1	1	1	1	1
Municipal Courts Building	1	1	1	1	1	1	1	1	1
Public Safety									
Police									
Patrol cars	41	43	47	43	48	45	40	36	39
Armored Vehicle									1
Mobile precinct	1	1	1	1	1	1	1	1	1
Fire									
Fire stations	5	5	6	6	6	6	6	6	6
Fire trucks	12	12	13	13	13	13	13	13	13
Command Vehicle	-	-	-	-	-	-	-	-	1
Ambulances	9	10	10	10	10	10	11	13	13
Physical Environment									
Cemetery	1	1	1	1	1	1	1	1	1
Public Works									
Operations facility complex (Pacific St)	1	1	1	1	1	1	1	1	1
Water mains (miles)	354	361	368	377	383	386	387	392	395
Sewer mains (miles)	297	302	305	310	316	319	316	316	322
Storm mains (miles)	194	196	202	206	210	212	297	322	328
Fire hydrants (total)	n/a	n/a	n/a	n/a	n/a	3,050	3,099	3,119	3,149
Water storage capacity (millions of gallons)	n/a	n/a	n/a	n/a	n/a	24	24	24	24
Wastewater treatment capacity (millions of gallons)	n/a	n/a	n/a	n/a	n/a	20	20	20	20
Transportation									
Parking									
Parking garage	1	1	2	2	2	2	2	2	2
Surface parking lots	3	3	3	3	3	3	3	3	3
Public Works									
Streets (miles)	258	259	269	275	280	286	289	280	297
Traffic signals (total)	n/a	n/a	n/a	n/a	n/a	110	110	143	143
Culture and Recreation									
Library									
Libraries (buildings)	2	2	2	2	2	2	2	2	2
Museum									
Museums (buildings)	2	2	2	2	2	2	2	2	2
Parks Department									
Parks									
Parks	38	38	38	40	40	40	40	40	40
Civic field complex:									
Football stadium	1	1	1	1	1	1	1	1	1
Ice rink / indoor soccer	n/a	n/a	n/a	1	1	1	1	1	1
Skateboard / bicycle park	n/a	1	1	1	1	1	1	1	1
Baseball / softball fields	9	9	9	9	9	9	9	9	9
Swimming pool	1	1	1	1	1	1	1	1	1
Golf course	1	1	1	1	1	1	1	1	1
Public Facilities District (PFD)									
Theater	1	1	1	1	1	1	1	1	1

Source: Various City departments.

Note: Fiscal year 2000 is the earliest available historical data.



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**City of Bellingham, Washington
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2008**

1 Federal Agency Name / Pass-Through Agency Name	2 Federal Program Name	3 CFDA Number	4 Other ID Number	5 Expenditures			6 Foot-note Ref.
				From Pass-Through Awards	From Direct Awards	Total	
US Department of Housing and Urban Development	Community Development Block Grants	14.218	B-06-MC-53-0010, 07-MC-53-0010		\$1,541,288	1,541,288	3
US Department of Housing and Urban Development	HOME Investment Partnerships Program	14.239	M-06-MC-53-0204, M-07-MC-53-0204		968,190	968,190	3
US Department of Housing and Urban Development	Community Development Block Grants	14.246	B-05-SP-WA-1007		104,192	104,192	
US Department of the Interior	Preserve America Grant	15.929	53-07-PA-3042		63,019	63,019	2
US Department of the Interior	Federal Building Restoration	15.999	Consolidated Appropriation Act, 2004 (H.R.2673)		232,318	232,318	
US Department of Justice / WA State Department of Community Trade & Economic Development	Violence Against Women Formula Grants	16.588	2007-WF-AX-0008	18,268			2
			2008-WF-AX-0076	<u>9,688</u>			
			Sub-Total	27,956		27,956	
US Department of Justice	Grants to Encourage Arrest	16.590	2005-WE-AX-0080		127,542	127,542	
US Department of Justice	Bulletproof Vest Partnership Program	16.607	OMB#1121-0235		2,996	2,996	
US Department of Justice	Edward Byrne Memorial JAG Program	16.738	2007-DJ-BX-0122		12,140		2
US Department of Justice / WA State Department of COMMUNITY Trade & Economic Development / Whatcom County			M07-66201-017	29,514			2
			F07-66201-017	<u>20,706</u>			2
			Sub-Total	50,220		62,360	
US Department of Transportation / WA State Department of Transportation	Highway Planning and Construction	20.205	HPP-5508(002)	867			2
			NCPD-0542(021)/LA5608	1,166,256			
			SRTS-0080(015)/LA 6661	30,566			
			STPD-0080(011)/(012)/LA6161	51,969			
			STPE 0080(014)/LA6657	6,845			
			STPE-0080(009)/LA6148	15,744			
			STPE-0080(010)/LA6149	308,074			
			STPE-5525(005)/LA6330	105,471			
			STPR-5534(001) LA6329	<u>141,645</u>			
			Sub-Total	1,827,437		1,827,437	
US Department of Transportation / WA Association of Sheriff's & Police Chiefs	State and Community Highway Safety	20.600	N/A	2,298			2
US Department of Transportation / WA Traffic Safety Commission				<u>8,714</u>			
			Sub-Total	11,012		11,012	
US Department of Transportation / WA Traffic Safety Commission	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	N/A	2,822		2,822	2
US Department of Transportation / WA Traffic Safety Commission	Occupant Protection	20.602	N/A	10,532		10,532	
US Institute of Museum and Library Services / WA State Library	Grants to States	45.310	08-CE-137	2,500		2,500	2
US Department of Education / Western Washington University	Federal Work-Study Program	84.033	various students	3,052			2
US Department of Education / Whatcom Community College			various students	<u>10,288</u>			2
			Sub-Total	13,340		13,340	
US Department of Homeland Security / WA State Military Department	Emergency Management Performance Grants	97.042	2008-EM-E8-0028	38,758		38,758	
US Department of Homeland Security	Assistance to Firefighters Grant	97.044	EMW-2007-FO-08549		353,215	353,215	2
US Department of Homeland Security / WA State Military Department / Whatcom County	Homeland Security Grant Program	97.067	2006-GE-T6-0059	50,520		50,520	
US Department of Homeland Security / Whatcom County	Law Enforcement Terrorism Prevention Program	97.074	2006-GE-T6-0059	54,619		54,619	
Total Federal Awards Expended				\$2,089,716	\$3,404,900	\$5,494,616	

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

City of Bellingham, Washington
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2008

Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 - BASIS OF ACCOUNTING

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

NOTE 2 - PROGRAM COSTS

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

NOTE 3 - REVOLVING LOAN - PROGRAM INCOME

The City has revolving loan programs under the Community Development Block Grant (CDBG) and the HOME Investment Partnership Program Grant for low income housing acquisitions, development, and rehabilitation. Under these federal programs, repayments to the City are considered program revenues (income) and loans of such funds to eligible recipients are considered expenditures. The amount of loan funds disbursed to program participants for the year from the CDBG Grant was \$425,630 and from the HOME Grant was \$824,535 and are presented in this schedule. The amounts of principal and interest received in loan payments for the year for CDBG loans were \$233,159 and for HOME loans were \$50,364.

City of Bellingham, Washington
Schedule of State and Local Financial Assistance
For the Year Ended December 31, 2008

Grantor / Program Title	Other ID Number	Current Year Expenditures
<u>Washington State Department of Community Trade, & Economic Development CTED</u>		
Building for the Arts Program	08-96102-002	987,500
Total Washington State CTED		987,500
<u>Washington State Department of Ecology DOE</u>		
Emergency Management Program	C0800069	271,338
Centennial Clean Water - Water Quality & Habitat Improvement	G0800132	26,361
Marine Nearshore Water Quality & Habitat Improvement Project	G0900085	10,238
Centennial Clean Water - Urban Streams	G0400200	70,883
Centennial Clean Water - Salmon Restoration	G0500140	25,096
Bellingham Local Government Stormwater Grant	G0800297	31,845
Residential Stormwater Retrofit Program	SW080052	37,715
Local Source Control Partnership	C0800259	67,493
Art of Stormwater Management - Green Roof	G0800619	50,063
Total Washington State DOE		591,032
<u>Washington State Department of Health DOH</u>		
Prehospital Participation Grant	37M01	1,644
Total Washington State DOH		1,644
<u>Washington State Department of Social and Health Services DSHS</u>		
Vocational Rehabilitation Internship	1942497	3,324
Total Washington State DSHS		3,324
<u>Washington State Office of Public Defense OPD</u>		
Public Defense Services	RCW 336.01.28	137,500
Total OPD		137,500
<u>Washington State Transportation Improvement Board TIB</u>		
Urban Arterial Program	8-2-156(035)-1	568,658
Northshore Drive Roadway Improvements	P-W-156(P03)-1	175,000
Northwest Ave Pedestrian Improvements	8-2-156(036)-1	7,810
Urban Arterial Program	8-2-156(037)-1	36,692
Total WA State TIB		788,160
<u>Washington Traffic Safety Commission WTSC</u>		
School Zone Equipment Grant	Alcohol Sensors - PBT'S	2,298
School Zone Equipment Grant	School Zone Signs	3,762
Total WTSC		6,060
Total State Assistance		\$2,515,220
Total Local Assistance		\$0
Total State and Local Assistance		\$2,515,220



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