City of Bellingham, Washington
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2015

Finance Director
Brian Henshaw

Prepared by:
Accounting Manager
Angela Martin, CPA

Accountants
Melanie Aliverti, CPA
Eden Rockenbach
Daniel Heverling

The Finance Department is responsible for the preparation of the annual CAFR.
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City Website:  http://www.cob.org
Financial Reports Website: http://www.cob.org/government/departments/finance/reports.aspx
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Honorable Mayor Linville, Council Members, and the Citizens of the City of Bellingham:

I am pleased to submit the City of Bellingham's (City) 2015 Comprehensive Annual Financial Report (CAFR).

State law requires that cities with populations of 25,000 or more publish financial statements in conformity with Generally Accepted Accounting Principles (GAAP) and are audited in accordance with Governmental Auditing Standards (GAS) 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 CAFR for the fiscal year ended December 31, 2015.

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 City and agency funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The CAFR includes all City and agency funds. In addition, the CAFR reports on the City's discrete component unit, the Bellingham-Whatcom Public Facilities District (PFD), separately from City activities in the government-wide statement of net position, statement of activities, and the notes to the financial statements.

As an aid to the reader, the major sections of this report have been separated by divider pages. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the 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 83,580. Located in the Northwest corner of Washington State in Whatcom County, it is approximately sixty miles south of Vancouver, British Columbia, and ninety miles north of Seattle on the Interstate 5 corridor. The city encompasses approximately twenty-eight 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, seven-member city council, and one municipal court judge.
The City provides a full range of local government services, including general government, public safety, culture and recreation, street, water, wastewater and storm utilities, and other enterprise services.

**Discrete Component Unit**

Bellingham has one discrete component unit that is a separate legal entity from the City with its own Board of Directors.

The Bellingham-Whatcom Public Facilities District was established in 2002. Their mission is to create a regional center that would enhance economic development in the business core. It is funded by a state rebate of .033% of locally collected sales tax.

**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. In 2008, retail, services, and manufacturing activities suffered the same economic downturn experienced both nationally and internationally. Beginning in 2010, and continuing through 2015 retail sales have trended higher in large part due to the strong Canadian dollar and our proximity to the border.

Since the bottom of the recession in 2009, there has been slow improvement in the City’s key revenue sources. Compared to 2014, the City’s overall revenues are up $10.6 million. Efforts of the Mayor, Finance Director, and Department Heads to prioritize programs and expenditures to achieve a sustainable balanced budget are on-going. Despite the City’s general fund having run a deficit since 2008, the 2015 fiscal year end reserve exceeded $20.4 million.

As reported by the Bureau of Labor Statistics, for the Bellingham Metropolitan Statistical Area, total non-farm employment has declined from a 2007 high of 87,300 jobs to a low of 80,200 jobs in 2009. At the end of 2015, non-farm employment has surpassed the 2007 high ending at 88,100 jobs.

The 2015 value of commercial and residential building projects increased from $188.5 million in 2014, to $213 million in 2015. New multi family unit commercial permit activity is still very strong with a valuation of $49 million and 424 new units versus 2014’s valuation of $36.5 million and 322 new units. City issued building permits peaked in 2007 above $200 million before declining to $100 million in 2011. In 2012, the value of building permits issued increased to $143 million which was the first positive growth in four years. There were 811 total permits issued in 2015, down from 865 in 2014.

The City of Bellingham receives approximately $2.69 per $1,000 of assessed property value from property owners within the City limits. In 2015, this generated $21.9 million government-wide and an additional $2 million for the fire pension and OPEB funds. Property taxes increased $500 thousand over the prior year. Government-wide property tax revenue was allocated amongst the funds as follows: general fund $18.5 million, low income housing $3 million, greenways maintenance endowment $425 thousand, and waterfront capital construction $42 thousand. Property tax provides roughly 24% of total general fund revenue.
Bellingham’s general fund relies heavily on sales tax revenue, which is subject to larger economic swings than most other sources of government revenues. Retail sales have continued to benefit from our proximity to Canada and the strong Canadian dollar. In 2015, the City collected over $30.2 million of sales tax revenues, an increase of $329 thousand dollars, a 1.1% rate of growth over 2014, and the highest sales tax revenue to date. Sales tax revenue generates approximately 33% of general revenue government-wide.

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

Business and occupation tax peaked in 2007 at $12.2 million. Over the following three-years, B&O taxes declined to $10.4 million in 2010, reducing general fund revenue by $1.8 million. Over the last five years our economy has shown signs of recovery as is evident in the returning increase in B&O taxes. In 2015, B&O tax revenue hit $14.3 million surpassing the peak achieved in 2007.

Tourism, education, and healthcare have a significant impact on the local economy. Our geographical location, including Bellingham Bay, the San Juan Islands, and Mt. Baker, offers significant recreational opportunities. Visitors spent $573.9 million in Whatcom County in 2013, according to a study conducted by Dean Runyan Associates. This ranks fifth in visitor spending among the state’s 39 counties.

Western Washington University (the city’s second largest employer), Whatcom Community College, and Bellingham Technical College host more than 31,782 students. St. Joseph Hospital, a 253-bed medical center and Level III Trauma Center serving Northwest Washington, is the city’s largest employer.
MAJOR INITIATIVES

Waterfront Redevelopment / New Whatcom Special Development Area

In 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 responsible party by the Washington State Department of Ecology. The City and the Port continue to work on this project. A remedial investigation and feasibility study is still underway for the former Georgia-Pacific site but is expected to be issued in the near future.

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

Downtown Redevelopment

Redevelopment of the downtown core is dynamic and a result of multiple efforts. Private developers, with City assistance, are creating new and refurbishing existing structures. Strategic improvements that have already been put into place include a permanent shelter for the local Farmer’s Market and urban art sculpture. The PFD is spearheading a Cultural Arts District. 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 Whatcom Museum. The Mount Baker Theatre renovation was completed in 2008 and the Whatcom Museum opened November 2009. In 2008, the City created the BPDA to support existing city businesses and support new business development throughout the city with a special emphasis on downtown, old town, and the waterfront.

Bond Issues

On November 10, 2015, the City issued $4 million in 2015 Water and Sewer Refunding bonds with an interest rate of 2.17%. The City issued the bonds to advance refund $3.8 million of the outstanding 2006 Water & Sewer Revenue bonds with interest rates between 4%-4.5%. The advanced refunding resulted in an economic gain of $329 thousand.

The City’s bond rating as assigned by Moody’s is Aa2 for the City’s voted general obligation and revenue bonds. Moody’s assigned an Aa3 rating to the City’s non-voted tax backed general obligation bonds. Standard and Poor’s Rating Services (S&P) raised its long-term rating to ‘AA+’ from ‘AA’ on the City’s limited-tax general obligation (GO) bonds.

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.
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 2015 was 0.82%, for which the City earned $1.31 million. This was a slight increase from interest earned in 2014 at a yield of 0.82% and $1.29 million. The City structures its investments to provide necessary liquidity and to minimize risk, while achieving reasonable yields on its portfolio.

Risk Management

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

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bellingham for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2013. This was the thirteenth year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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 2014 audit of the City has been completed and was performed in conformance with GAS. The financial statements of all City and agency funds have been included in this audit. Please refer to the Auditor’s Opinion letter at the beginning of the Financial Section of this report.

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,

Brian Henshaw
Finance Director
Dashed line indicates an advisory relationship.

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

The BPDA and BWPFD are both Discrete Component Units of the City.

The TBD is funded by a voter approved local sales tax and is a Blended Component Unit of the City.
### Elected Officials

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<th>Name</th>
<th>Term</th>
<th>Expiration</th>
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<td>Mayor</td>
<td>Kelli Linville</td>
<td>4 years</td>
<td>December 31, 2019</td>
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<tr>
<td>Municipal Court Judge</td>
<td>Deborah Lev</td>
<td>4 years</td>
<td>December 31, 2017</td>
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<td>1st Ward Council Member</td>
<td>April Barker</td>
<td>4 years</td>
<td>December 31, 2019</td>
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<td>2nd Ward Council Member</td>
<td>Gene Knutson</td>
<td>4 years</td>
<td>December 31, 2017</td>
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<td>3rd Ward Council Member</td>
<td>Daniel Hammill</td>
<td>4 years</td>
<td>December 31, 2019</td>
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<td>4th Ward Council Member</td>
<td>Pinky Vargas</td>
<td>4 years</td>
<td>December 31, 2017</td>
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<td>5th Ward Council Member</td>
<td>Terry Bornemann</td>
<td>4 years</td>
<td>December 31, 2019</td>
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<td>6th Ward Council Member</td>
<td>Michael Lilliquist</td>
<td>4 years</td>
<td>December 31, 2017</td>
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<tr>
<td>At Large Council Member</td>
<td>Roxanne Murphy</td>
<td>2 years</td>
<td>December 31, 2017</td>
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### Appointed Officials

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<td>Finance Director</td>
<td>Brian Henshaw</td>
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<tr>
<td>City Attorney</td>
<td>Peter Ruffatto</td>
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<tr>
<td>Hearing Examiner</td>
<td>Sharon Rice</td>
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<tr>
<td>Museum Director</td>
<td>Patricia Leach</td>
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<tr>
<td>Library Director</td>
<td>Pam Kiesner</td>
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<tr>
<td>Human Resources Manager</td>
<td>Kaycee Luxtrum</td>
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<td>Judicial Services Director</td>
<td>Darlene Peterson</td>
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<td>Director of Information Systems</td>
<td>Marty Mulholland</td>
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<td>Director of Parks &amp; Recreation</td>
<td>Leslie Bryson</td>
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<td>Director of Planning &amp; Community Development</td>
<td>Richard Sepler</td>
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<td>Director of Public Works</td>
<td>Ted Carlson</td>
</tr>
<tr>
<td>Fire Chief</td>
<td>Bill Newbold</td>
</tr>
<tr>
<td>Police Chief</td>
<td>Clifford Cook</td>
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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bellingham
Washington

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2014

Jeffrey Ero
Executive Director/CEO
INDEPENDENT AUDITOR’S REPORT ON FINANCIAL STATEMENTS

July 26, 2016
Mayor and City Council
City of Bellingham
Bellingham, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Bellingham, Whatcom County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Bellingham, Whatcom County, Washington, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Matters of Emphasis**

As described in Note III, during the year ended December 31, 2015, the City has implemented the Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

**Other Matters**

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 3-1 through 3-11, budgetary comparison information on pages 5-1 and through 5-2, pension plan information on pages 5-3 through 5-7, and information on postemployment benefits other than pensions on pages 5-7 through 5-8, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary and Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The accompanying information listed as combining financial statements and supplementary information on pages 6-1 through 6-68 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used
to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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 do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with Government Auditing Standards, we will also issue our report dated July 26, 2016, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City’s Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City’s internal control over financial reporting and compliance.

Sincerely,

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA
MANAGEMENT’S DISCUSSION AND ANALYSIS

The City of Bellingham presents this discussion and analysis as part of the financial statements for the fiscal year ending December 31, 2015. The information presented should be read in conjunction with the financial statements and the notes to the financial statements.

Financial highlights

- The City’s overall financial position decreased in 2015 as compared to 2014 as evidenced by decrease in the change in net position. Government-wide net position decreased by $1.4 million or a 2% decrease. Business-type activities increased $9.8 million and government-type decreased $11.1 million.

- At December 31, 2015, the City's government-wide net position, the amount by which total assets exceed total liabilities, totaled $696.1 million. Of this amount, $591.8 million, or 85%, is the net investment in capital assets. Of the remaining net assets, $3 million is unrestricted and may be used to meet the City's ongoing obligations.

- Total governmental activity revenues increased by $5.6 million, or 4.6%, from 2014. Business-type activity revenues increased by $5 million or 7.2%.

- The governmental activity ending net position decreased $11.1 million from 2014, ending 2015 at $429.6 million. Of this amount, $(21.1) million is unrestricted and not available for spending at the City’s discretion.

Overview of the financial statements

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

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

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

- The statement of net position presents information on assets and liabilities similar to a private sector balance sheet. The difference between assets plus deferred outflows and liabilities plus deferred inflows becomes the “net” position.

- The statement of activities reports the change in net position for the report year. The accounting basis used is full accrual. Revenues are reported when earned, expenses are reported when incurred.

The government-wide financial statements also present information for the City’s discrete component unit, the Bellingham-Whatcom Public Facility District (PFD). The operations of the PFD are legally separate from the City and governed by interlocal agreements between the City and the PFD. Discussion in the MD&A does not include the revenues, expenses, assets, deferred outflow, liabilities or deferred inflows of this discrete component unit.
Fund financial statements provide detailed information about the City's most significant funds and are used to track specific sources of funding and spending. Major funds are separately reported while all other funds in the respective fund type are combined into a single, aggregated presentation. Individual fund data for non-major funds are provided in the form of combining statements in a later section of this report. There are three types of funds, described as follows:

**Governmental funds** represent most of the City’s basic services such as police, fire, parks, streets, and many other general administrative type services. Governmental funds account for the operations of a single major fund, the general fund, and 19 other nonmajor governmental funds including 10 special revenue funds, six debt funds, one capital projects fund, and two permanent funds. Governmental fund statements include balance sheets and statements of revenues, expenditures and changes in fund balance. Unlike the government-wide statements, these statements provide only a detailed short-term view of the financial resources available for spending. The accounting basis used is modified accrual and there are no capital assets or long-term debt included in these reports. Budgetary comparisons are included with the financial statements in the combining and individual fund statements section of the report and the required supplementary information section for the legally adopted general fund budget. These statements demonstrate compliance with the City’s adopted and final revised budget.

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

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

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

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

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

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

Net position

The City’s net position totals $696.1 million at December 31, 2015, a decrease of .2% over December 31, 2014.

<table>
<thead>
<tr>
<th>Net position (in thousands)</th>
<th>Governmental activities</th>
<th>Business-type activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>$101,620</td>
<td>$103,567</td>
<td>$47,879</td>
</tr>
<tr>
<td>Noncurrent</td>
<td>49,783</td>
<td>38,771</td>
<td>21,601</td>
</tr>
<tr>
<td>Capital assets (net of depr)</td>
<td>370,288</td>
<td>352,143</td>
<td>302,114</td>
</tr>
<tr>
<td>Total assets</td>
<td>521,691</td>
<td>494,481</td>
<td>371,594</td>
</tr>
<tr>
<td><strong>Deferred Outflow of Resources</strong></td>
<td>4,822</td>
<td>-</td>
<td>1,416</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>32,638</td>
<td>9,544</td>
<td>10,695</td>
</tr>
<tr>
<td>Current portion long-term</td>
<td>6,852</td>
<td>6,725</td>
<td>4,992</td>
</tr>
<tr>
<td>Long-term noncurrent</td>
<td>51,033</td>
<td>37,432</td>
<td>89,675</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>90,523</td>
<td>53,701</td>
<td>105,362</td>
</tr>
<tr>
<td><strong>Deferred Inflow of Resources</strong></td>
<td>6,425</td>
<td>72</td>
<td>1,096</td>
</tr>
<tr>
<td><strong>Net position</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>362,378</td>
<td>342,990</td>
<td>229,373</td>
</tr>
<tr>
<td>Restricted</td>
<td>88,314</td>
<td>70,367</td>
<td>13,005</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>(21,127)</td>
<td>27,351</td>
<td>24,175</td>
</tr>
<tr>
<td>Total net position</td>
<td>$429,565</td>
<td>$440,708</td>
<td>$266,553</td>
</tr>
</tbody>
</table>

Net investment in capital assets, consisting of land, buildings, streets, and other significant investments, represent 85% of net position. The net investment in capital assets increased by $33.5 million during 2015.

Restricted net position accounts for those resources that are subject to a variety of external constraints including bond covenants, construction requirements, levy agreements, endowment terms, settlement agreements and the Revised Code of Washington. In 2015, the restricted resources is 14.6% of net position, totaling $101.3 million.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without restricting constraints, comprises .4% of net position, a decrease of $60.8 million from 2014.

Changes in net position

In 2015, government-wide net position decreased by $1.4 million, of which governmental activities decreased by $11.1 million. Governmental activities total revenues increased by $5.6 million from 2014. Governmental activities charges for services decreased by $7.2 million, capital grants and contributions increased $2.8 million, and general revenues increased $9.2 over 2014 revenue.

Business-type activities charges for services primarily from utility sources increased by 3.4% to total $65.1 million. The net position for business-type activity for 2015 increased by $9.8 million over 2014.
# Changes in net position (in thousands)

<table>
<thead>
<tr>
<th></th>
<th>Governmental activities</th>
<th>Business-type activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$18,982</td>
<td>$26,165</td>
<td>$65,129</td>
</tr>
<tr>
<td>Operating grants and contributions</td>
<td>6,183</td>
<td>5,420</td>
<td>548</td>
</tr>
<tr>
<td>Capital grants and contributions</td>
<td>10,457</td>
<td>7,696</td>
<td>7,978</td>
</tr>
<tr>
<td><strong>General revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property tax</td>
<td>21,921</td>
<td>21,421</td>
<td>-</td>
</tr>
<tr>
<td>Retail sales and use tax</td>
<td>30,321</td>
<td>29,355</td>
<td>-</td>
</tr>
<tr>
<td>Real estate excise tax</td>
<td>3,664</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Business tax</td>
<td>29,884</td>
<td>27,649</td>
<td>1,371</td>
</tr>
<tr>
<td>Other taxes</td>
<td>1,023</td>
<td>3,508</td>
<td>663</td>
</tr>
<tr>
<td>Investment Income</td>
<td>1,396</td>
<td>1,557</td>
<td>434</td>
</tr>
<tr>
<td>Miscellaneous revenue</td>
<td>1,627</td>
<td>143</td>
<td>55</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>125,458</td>
<td>122,914</td>
<td>76,178</td>
</tr>
<tr>
<td><strong>Program expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>$21,383</td>
<td>13,331</td>
<td>-</td>
</tr>
<tr>
<td>Public safety</td>
<td>40,230</td>
<td>41,780</td>
<td>-</td>
</tr>
<tr>
<td>Physical environment</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transportation</td>
<td>20,889</td>
<td>15,314</td>
<td>-</td>
</tr>
<tr>
<td>Natural and economic environment</td>
<td>18,702</td>
<td>12,399</td>
<td>-</td>
</tr>
<tr>
<td>Social Services</td>
<td>159</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>13,768</td>
<td>13,553</td>
<td>-</td>
</tr>
<tr>
<td>Interest and redemption of LT debt</td>
<td>563</td>
<td>1,930</td>
<td>-</td>
</tr>
<tr>
<td>Water</td>
<td>-</td>
<td>18,327</td>
<td>19,497</td>
</tr>
<tr>
<td>Wastewater</td>
<td>-</td>
<td>17,697</td>
<td>18,841</td>
</tr>
<tr>
<td>Surface &amp; stormwater</td>
<td>-</td>
<td>6,529</td>
<td>6,471</td>
</tr>
<tr>
<td>Solid waste</td>
<td>-</td>
<td>4,639</td>
<td>1,059</td>
</tr>
<tr>
<td>Medic one</td>
<td>-</td>
<td>5,844</td>
<td>7,033</td>
</tr>
<tr>
<td>Other business type activities</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>115,694</td>
<td>98,307</td>
<td>57,955</td>
</tr>
<tr>
<td>Excess or deficiency before any transfers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>or gain (loss) on sale of capital assets</td>
<td>9,764</td>
<td>24,607</td>
<td>18,223</td>
</tr>
<tr>
<td>Gain (loss) on sale of capital assets</td>
<td>-</td>
<td>(18)</td>
<td>-</td>
</tr>
<tr>
<td>Transfers</td>
<td>1,715</td>
<td>(1,305)</td>
<td>(1,715)</td>
</tr>
<tr>
<td>Special item - land contribution</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Change in net position</strong></td>
<td>11,479</td>
<td>23,284</td>
<td>16,508</td>
</tr>
<tr>
<td><strong>Net position - beginning</strong></td>
<td>440,709</td>
<td>441,552</td>
<td>256,802</td>
</tr>
<tr>
<td>Change in accounting principle</td>
<td>(22,623)</td>
<td>(2,128)</td>
<td>(6,757)</td>
</tr>
<tr>
<td><strong>Net position - ending</strong></td>
<td>$429,565 $440,708</td>
<td>$266,553 $256,801</td>
<td>$696,118</td>
</tr>
</tbody>
</table>

3-4
Revenues and expenses – government-wide

In 2015, overall government-wide revenues increased $10.6 million, from $191.1 million to $201.2 million. There were several elements that led to this $10.6 million increase in revenues but the bulk of the increase was related to business taxes, business-type charges for services, operating grants and contributions, and business-type capital grants and contributions. Business taxes increased $2.3 million due to the improving local economy and a new tax on healthcare providers. Charges for services for water, wastewater, surface and stormwater, and solid waste increased $2.1 million in 2015 compared to the prior year due in part to utility rate increases. Operating grants and contributions increased $128 thousand and capital grants and contributions increased $5.6 million. The Padden Creek Daylighting and Squalicum Creek Re-Route projects account for the majority of these grant increases.

In 2015, overall government-wide expenses increased by $17.4 million. Governmental activities experienced an increase in expense of $17.4 million and business-type activity was flat. Of the $17.4 million increase in governmental activity expense, $8.1 million can be attributed to general government, $5.6 million to transportation, and $6.3 million to natural and economic environment activities.

Program revenues and expenses – governmental activities

Governmental activities revenue increased by $5.6 million in 2015, from $121.6 million to $127.2 million. Of this increase, $9.2 million was an increase in general revenues, offset by a $7.2 million decrease in charges for services, a $2.8 million increase in capital grants and contributions, and a $763 thousand increase in operating grants and contributions. General revenue increased from $82.3 million to $91.5 million, as previously stated, due to an increase in business taxes and a large increase in real estate excise tax to $3.7 million. Real estate excise tax has increased dramatically because of the increase in the value of homes and the real estate market being robust. Both operating grants and contributions and capital grants and contributions have increased substantially due to road and bridge projects. Alabama street was updated to include more bike lanes and enhanced crosswalks and a major bridge update was completed on Chestnut Street.

In 2015, expenses for governmental activities experienced an overall increase of 17.7%. Total governmental activities spending was $115.7 million, a $17.4 million increase over 2014 spending of $98.3 million. General government, transportation, and natural and economic environment increased substantially. A large part of the increase in expenses can be attributed to the major road and bridge projects that have been completed on Alabama street and Chestnut Street. The increases in natural and economic environment is mainly due to increases in low income housing projects.

Program revenues and expenses – business-type activities

Business-type activities revenue increased by $5 million in 2015, from $69 million to $74.5 million. This increase is mainly attributable to a $5.6 million increase in capital grants and contributions and a $128 thousand increase in operating grants and contributions. Besides grant revenue, charges for services increased also by $2.1 million. Charges for services increased due to utility rate increases. Both operating and capital grants and contributions increased due to large projects such as Squalicum Creek Re-Route and Padden Creek Daylighting projects.

Overall expenses in business-type activities remained flat compared to the prior year. The largest decrease was medic one and it went down by $1.2 million mainly due to further decreases in ambulance services cost. From 2014 to 2015 this cost went down by $1.1 million due to the reorganization that took place in 2014. The County is now the administrator of the county-wide EMS system. Golf course expenses decreased by $255 thousand, parking by $194 thousand, and cemetery by $76 thousand. Surface and stormwater increased by $58 thousand, development services increased by $390 thousand,
and solid waste increased by $3.6 million. Solid waste had the largest increase resulting from the City having to book additional pollution remediation expenses.

Fund level financial analysis

Governmental funds

Revenues

In 2011, the City began reporting the former special revenue street fund in the general fund. In 2012, after further evaluation of all special revenue funds, the City reported additional activities in the general fund that were previously reported in the special revenue funds given the guidance of GASB 54. Currently we have 11 special revenue funds reported within the general fund. The presentation and grouping of the 2015 major funds is comparable to the 2014 major funds.

Fund balance in governmental funds increased $5.2 million. Of this $5.2 million, $3.6 million is related to excess revenues over expenditures and this is increased by $1.6 million in net transfers and general long-term debt proceeds, resulting in a final ending fund balance of $102.6 million. Overall governmental revenues increased to $123.2 million from $120.5 million in 2014. The most notable reason for the increase was an increase of tax revenues from $81.9 million to $86.2 million in the governmental funds.

Tax revenue is the City’s most significant source of governmental revenue, representing 70% of total governmental revenue and 83.9% of general fund revenue. Tax revenue supports services such as streets, fire, police and parks which are basic to the City’s mission; although they do not generate substantial revenue. The major tax categories are retail sales and use, business and occupation, and property and utility tax. Tax collections overall increased 5% from 2014 to 2015. Within the legally adopted original general fund, business and occupation taxes had the largest increase and it went from $27.6 million to $29.9 million due to increased business activity within the strong local economy.
Expenditures

Public safety consisting of fire, police and municipal court accounts for 35.2% of governmental expenditures. General government type expenditures are typically overhead in nature, providing management, accounting, legal, personnel and technical services required by operating programs. They comprise 12.8% of governmental expenditures. Culture and recreation services include most parks and recreation programs, the museum and the library. They represent another 11.2% of governmental expenditures. Additionally, capital outlay represents 22%, natural and economic environment 6.3%, transportation 10.8%, debt expenses represent 1.6%, and social services represent .1% of total governmental expenditures.

Business-type funds

Net position increased by $16.5 million, for a total of $266.6 million in business-type funds. Operating revenues increased by 5.3% and operating expenses increased by $3.3 million going from $52.1 million to $55.3 million.

The financial position of the City’s business-type funds is largely influenced by the water and wastewater funds. Together they comprise 70.1% of operating revenues, 60.3% of expenses, and 82.7% of net position of each respective total for the enterprise funds.

Medic one and the cemetery are business-type activities that require support from the general fund. In 2015, the cemetery received $221 thousand and medic one received $1.1 million cash operating subsidies. Additionally, medic one receives a subsidy from Whatcom County and a portion of the voted EMS local sales tax (see note V-D).
Financial analysis of City funds

At the end of 2015, the City has 22 governmental funds. The general fund is the primary governmental fund and is the City’s only major governmental fund.

The general fund ending fund balance increased $899 thousand due to an increase in tax revenues and an increase in grant revenue.

The fund balance for non-major governmental funds increased by $4.3 million, due in part to an increase in grant revenue.

The City has nine business-type funds. The four major business-type funds are water, wastewater, surface and stormwater and solid waste. The water, wastewater, and surface and stormwater funds increased their respective net positions in 2015 by $7.2 million in water, $4.7 million in wastewater, and $6.4 million in surface and stormwater. Revenues in all increased due in part to rate increases and an increase in grant revenues from large projects such as Squalicum and Padden Creek daylighting projects. The estimated future pollution remediation costs for the Central Waterfront site, the Cornwall Landfill site, and the Eldridge Municipal Landfill site were all increased in 2015 due to new estimates from Anchor QEA consulting and from a published RI/FS for the Eldridge site in 2015. The solid waste funds ending net position is a negative $9.4 million, which is a large drop from the net position in 2014 due largely to increased pollution remediation expenses. The City has five non-major enterprise funds: cemetery, golf, parking services, medic one and development services. Net position for the five funds increased by $1.7 million in 2015 compared to 2014.

General fund budgetary highlights

The budget is legally adopted at the fund level, including the general fund budget. GASB 34 requires the legally adopted budget of the general fund to be presented as required supplementary information (RSI). Accordingly, the general fund in its originally adopted form along with a reconciliation of the general fund presented in the GAAP basis basic financial statements is presented as RSI. The general fund presented in the basic financial statements in accordance with GAAP includes eleven other funds with legally adopted budgets that do not meet the requirements of a special revenue fund per GASB 54 and have accordingly been combined with the general fund. To see comparisons of the original general fund and the general fund combined per GASB 54, see the reconciliation schedule in the Required Supplemental Information (RSI) section of the financial statements. In 2015, the City changed the budget cycle to every two years instead of one year. The comparison between 2015 and 2014 will be
inconsistent due to this budget change. The adopted general fund budget for expenditures (pre-GASB 54 rollup) was $137.5 million, the final budget after all amendments was $140.7 million and the actual expenditures are $67.6 million. Amendments to the budget are made for the following purposes:

- Supplemental appropriations approved after the beginning of the year to reflect actual beginning account balances and to correct the estimated amounts in the budget adopted in December 2014.
- Increases and decreases in appropriations to recognize actual program costs.
- New appropriations to acknowledge unanticipated revenues and corresponding expenditures.

Actual revenues are below the budget by $69 million due to the budget cycle change to every two years. Property, retail sales, business, and other tax revenues came in under budget at $13.8 million, $14.1 million, $29.9 million, and $937 thousand, respectively. Licenses and permits, intergovernmental revenue, charges for services, fines and penalties, and miscellaneous actual revenues were also below budget at $876 thousand, $519 thousand, $7.4 million, $1.2 million, and $451 thousand. Business taxes included both business and occupation taxes (B&O) taxes as well as utility taxes. Both B&O taxes and utility taxes have been strong in 2015 due to increased business activity from the stronger local economy.

Actual expenditures are $73.1 million below budget, or 48% of the final budgeted amounts.

The legally adopted general fund actual ending fund balance of $20.6 million is above the projected balance of $14.3 million, a $6.3 million difference.

**Capital asset and debt administration**

**Capital assets**

At December 31, 2015, the City has invested $672.4 million in a wide range of capital assets throughout governmental and business-type activities, an increase of $33.6 million from the previous year. This increase is due in part, to the following activity:

- Land purchases within the City totaled $8.2 million in 2015.
- Alabama Corridor Safety Phase I project totaled $4.7 million in 2015.
- North End Regional Stormwater facility project totaled $4.7 million in 2015.
- Chestnut/Bay and James Street bridge replacements totaled $3.3 million in 2015.
- Padden Creek Daylighting project totaled $3.1 million in 2015.
- Water and sewer main replacements totaled $2.7 million in 2015.
- Water and sewer treatment plant expenses totaled $2.8 million in 2015.

![Capital assets (net of depreciation, in thousands)](data:image/png;base64,iVBORw0KGgoAAAANSUhEUgAAAnAAAAA6CAYAAADzWv2wAAAAwO0D/XgAASySAAACgAAAAWQCBWRLVhRPFwAAAgAElEQVR42u3wP/2/9wAAAAAElFTkSuQmCC)
More detailed information about capital assets is presented in note IV-E.

In addition to the capital assets shown above the City also has made commitments to fund several parks, streets, water, sewer, and storm projects. Of the current capital commitments $112.2 million has been spent to date with $6.4 million remaining.

**Long-term debt**

At December 31, 2015, the City’s total outstanding debt was $100.5 million, an increase of $.9 million from 2014. On November 10, 2015, the City issued bonds to advance refund $3.8 million of outstanding 2006 Water & Sewer Revenue bonds. The advanced refunding will reduce total debt service payments over the next 10 years by $369 thousand.

<table>
<thead>
<tr>
<th>Outstanding debt (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governmental activities</td>
</tr>
<tr>
<td>General obligation bonds</td>
</tr>
<tr>
<td>Revenue bonds</td>
</tr>
<tr>
<td>Notes payable</td>
</tr>
<tr>
<td>Government loans</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

The City’s bond rating as assigned by Moody’s is Aa2 for the City’s voted general obligation and revenue bonds. Moody’s assigned an Aa3 rating to the City’s non-voted tax backed general obligation bonds. Standard and Poor’s Rating Services (S&P) raised its long-term rating to 'AA+' from 'AA' on the City’s limited-tax general obligation (GO) bonds in 2013 and the City has maintained this rating through its recent bond issue.

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

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

**Economic factors and the 2016 budget**

Since mid-2010 there has been a modest recovery from the recession. During the time period of April 2015-April 2016, the recovery has resulted in the addition of approximately 2,700 new jobs in Bellingham, WA. The improvement in the number of employed has resulted in a reduction of the unemployment rate which, stood at 5.9% at December 31, 2015 down from the 2014 rate of 6.5%

- Washington statewide 2015 unemployment rate is 5.7%, down from the 2014 rate of 6.1%
- National unemployment rate for 2015 is 5.3%, down from the 2014 rate of 6.2%

The Seattle Metropolitan Statistical Area (MSA) is the closest proximity to Bellingham for inflation rate indication. In 2015, the Seattle MSA inflation rate is 1.4%, which is above the Class B/C national inflation rate of .1%.

Over the last ten-years net bonded GO debt per capita has decreased from $463 to $291.
The City’s assessed value per capita has increased from $103,297 in 2014 to $106,260 in 2015. With 83,580 citizens, the ratio of the number of City employees is 10.4 per one thousand of the City’s population.

The general fund adopted budget for 2016 has $85.3 million of resources available for appropriation. General fund adopted budget expenditures for 2016 are $72.2 million. The City’s financial condition continues to improve in response to the changing economic, social and environmental requirements impacting the community.

As of January 1, 2014, the City entered into a new inter-local agreement with Whatcom County in regards to the Medic One fund. The negotiated contract #2013-0604, which began in 2014, has led to increased revenues for the City from the County. As consideration for the provision of the ALS services provided by the City the County agreed to pay the City a fee for ALS services and additional transition costs based upon an agreed upon schedule.

**Contacting the City’s financial management**

This financial report is designed to provide those with an interest in the City’s financial condition with a general overview of the City’s finances and to demonstrate accountability for the money it receives. The activities of the City’s two discrete component units are also reflected in the basic financial statements. Questions concerning any of the information contained herein or requests for additional information should also be addressed to the Finance Director, City of Bellingham, 210 Lottie Street, Bellingham, WA 98225.
CITY OF BELLINGHAM  
Government-Wide  
Statement of Net Position  
December 31, 2015

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Governmental Activities</th>
<th>Business-type Activities</th>
<th>Total</th>
<th>District</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>18,769,230 $</td>
<td>8,216,256 $</td>
<td>26,985,486 $</td>
<td>119,492</td>
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<tr>
<td>Investments</td>
<td>79,624,370</td>
<td>37,385,103</td>
<td>117,009,473</td>
<td>573,338</td>
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<tr>
<td>Receivables, net</td>
<td>3,226,941</td>
<td>2,277,770</td>
<td>5,504,711</td>
<td>1,229</td>
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<tr>
<td>Restricted assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>728,714</td>
<td>10,323,316</td>
<td>11,052,030</td>
<td>959,079</td>
</tr>
<tr>
<td>Investments</td>
<td>215,388</td>
<td>4,419,242</td>
<td>4,634,630</td>
<td>-</td>
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<tr>
<td>Due from other governments</td>
<td>6,729,649</td>
<td>5,325,605</td>
<td>12,055,254</td>
<td>-</td>
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<tr>
<td>Due from component units</td>
<td>8,301,546</td>
<td>-</td>
<td>8,301,546</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid insurance</td>
<td>-</td>
<td>19,000</td>
<td>19,000</td>
<td>40,440</td>
</tr>
<tr>
<td>Other prepaid items</td>
<td>117,807</td>
<td>1,113,318</td>
<td>1,231,125</td>
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<tr>
<td>Special assessments receivable</td>
<td>52,234</td>
<td>18,718</td>
<td>70,952</td>
<td>-</td>
</tr>
<tr>
<td>Inventories</td>
<td>569,547</td>
<td>-</td>
<td>569,547</td>
<td>-</td>
</tr>
<tr>
<td>Notes and contracts receivable</td>
<td>18,313,759</td>
<td>-</td>
<td>18,313,759</td>
<td>-</td>
</tr>
<tr>
<td>Net pension asset</td>
<td>14,754,476</td>
<td>381,403</td>
<td>15,135,879</td>
<td>-</td>
</tr>
<tr>
<td>Capital assets, not being depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>84,640,306</td>
<td>45,303,179</td>
<td>129,943,485</td>
<td>1,329,860</td>
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<tr>
<td>Improvements</td>
<td>17,614,900</td>
<td>-</td>
<td>17,614,900</td>
<td>-</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>28,705,339</td>
<td>83,903,620</td>
<td>112,608,959</td>
<td>-</td>
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<tr>
<td>Intangibles - right of ways</td>
<td>56,080,814</td>
<td>206,111</td>
<td>56,286,925</td>
<td>-</td>
</tr>
<tr>
<td>Capital assets, net of depreciation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>28,391,765</td>
<td>41,380,083</td>
<td>69,771,848</td>
<td>14,227,463</td>
</tr>
<tr>
<td>Improvements</td>
<td>139,923,467</td>
<td>128,775,899</td>
<td>268,699,366</td>
<td>7,018,811</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>14,901,697</td>
<td>2,545,470</td>
<td>17,447,167</td>
<td>-</td>
</tr>
<tr>
<td>Intangibles - software</td>
<td>29,231</td>
<td>-</td>
<td>29,231</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>521,691,180</strong></td>
<td><strong>371,594,093</strong></td>
<td><strong>893,285,273</strong></td>
<td><strong>24,269,712</strong></td>
</tr>
</tbody>
</table>

| DEFERRED OUTFLOW OF RESOURCES | | | |
| Related to pensions | 3,871,230 | 783,217 | 4,654,447 | - |
| Deferred loss on refunding | 950,571 | 632,918 | 1,583,489 | - |
| **Total deferred outflow of resources** | **4,821,801** | **1,416,135** | **6,237,936** | - |

| LIABILITIES | | | |
| Accounts payable | 5,870,801 | 3,102,210 | 8,973,011 | 59,081 |
| Accrued wages and benefits | 3,496,277 | 590,296 | 4,086,573 | - |
| Due to primary government | - | - | - | 8,301,546 |
| Internal balances | 252,592 | (252,592) | - | - |
| Due to other governments | 7,541 | 99,205 | 106,746 | 211 |
| Other current liabilities | 1,904,412 | 717,251 | 2,621,663 | - |
| Noncurrent liabilities: | | | | |
| Net pension liability | 20,738,991 | 6,438,524 | 27,177,515 | - |
| Net OPEB liability | 366,839 | - | 366,839 | - |
| Due within one year | 6,852,236 | 4,992,326 | 11,844,562 | - |
| Due in more than one year | 51,033,229 | 89,674,593 | 140,707,822 | 9,970,410 |
| **Total liabilities** | **90,522,918** | **105,361,813** | **195,884,731** | **18,331,248** |

*The notes to the financial statements are an integral part of this statement.*
## CITY OF BELLINGHAM

### Government-Wide

#### Statement of Net Position

**December 31, 2015**

### Component Unit

<table>
<thead>
<tr>
<th>DEFERRED INFLOW OF RESOURCES</th>
<th>Primary Government</th>
<th>Public Facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Governmental</td>
<td>Business-type</td>
</tr>
<tr>
<td></td>
<td>Activities</td>
<td>Activities</td>
</tr>
</tbody>
</table>

- **Special assessments received in advance**: 52,234
- **Related to pensions**: 6,373,011

**Total deferred inflow of resources**: 6,425,245

### NET POSITION

- **Net investment in capital assets**: 362,378,047
- **Restricted for**: 229,373,343

#### Expendable

- **Capital improvements**: 4,996,467
- **Debt service**: 9,276,393
- **Environmental remediation**: 505,283
- **HUD programs**: 14,383,383
- **Library gift**: 78,452
- **Low income housing**: 5,974,231
- **Parks**: 10,586,790
- **Paths and trails**: 52,167
- **Pension**: 14,754,476

#### Nonexpendable

- **Permanent funds**: 532,871
- **Public, education and gov't access**: 1,178,113
- **Public safety**: 4,463,667
- **Real estate excise tax for improvements**: 9,140,291
- **Tourism**: 767,421
- **Traffic impact fees for streets**: 941,022
- **Transportation benefit district**: 3,317,603
- **Waterfront redevelopment**: 2,867,836

#### Permanent funds principal

**Unrestricted**: 9,493,936

**Total net position**: $429,564,818

---

*The notes to the financial statements are an integral part of this statement.*
<table>
<thead>
<tr>
<th>Function/Program Activities</th>
<th>Expenses</th>
<th>Charges for Services</th>
<th>Grants and Contributions</th>
<th>Totals</th>
<th>Component Unit</th>
<th>Public Facilities District</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>$21,382,635</td>
<td>$7,662,685</td>
<td>$1,324,556</td>
<td>$20,000</td>
<td>(12,375,394)</td>
<td>(12,375,394)</td>
</tr>
<tr>
<td>Public safety</td>
<td>40,230,260</td>
<td>5,871,325</td>
<td>2,592,300</td>
<td>167,564</td>
<td>(31,599,071)</td>
<td>(31,599,071)</td>
</tr>
<tr>
<td>Physical environment</td>
<td>-</td>
<td>1,580,528</td>
<td>264,576</td>
<td>-</td>
<td>1,845,106</td>
<td>1,845,106</td>
</tr>
<tr>
<td>Transportation</td>
<td>20,888,508</td>
<td>137,924</td>
<td>500,000</td>
<td>9,441,831</td>
<td>(10,808,753)</td>
<td>(10,808,753)</td>
</tr>
<tr>
<td>Natural and economic environment</td>
<td>18,702,452</td>
<td>-</td>
<td>1,215,804</td>
<td>-</td>
<td>(17,486,648)</td>
<td>(17,486,648)</td>
</tr>
<tr>
<td>Social services</td>
<td>158,903</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(158,903)</td>
<td>(158,903)</td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>13,768,352</td>
<td>3,730,015</td>
<td>286,121</td>
<td>828,021</td>
<td>(8,924,195)</td>
<td>(8,924,195)</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>562,560</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(562,560)</td>
<td>(562,560)</td>
</tr>
<tr>
<td><strong>Total governmental activities</strong></td>
<td>115,693,670</td>
<td>18,982,477</td>
<td>6,183,359</td>
<td>10,457,416</td>
<td>(80,070,418)</td>
<td>(80,070,418)</td>
</tr>
<tr>
<td><strong>Business-type activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td>18,327,036</td>
<td>24,091,668</td>
<td>518,226</td>
<td>1,053,079</td>
<td>7,335,937</td>
<td>7,335,937</td>
</tr>
<tr>
<td>Wastewater</td>
<td>17,696,811</td>
<td>21,299,246</td>
<td>3,661</td>
<td>1,644,343</td>
<td>5,250,439</td>
<td>5,250,439</td>
</tr>
<tr>
<td>Surface and stormwater</td>
<td>6,528,425</td>
<td>8,502,059</td>
<td>25,085</td>
<td>5,280,939</td>
<td>7,279,658</td>
<td>7,279,658</td>
</tr>
<tr>
<td>Solid waste</td>
<td>4,639,246</td>
<td>193,954</td>
<td>1,156</td>
<td>-</td>
<td>(4,444,136)</td>
<td>(4,444,136)</td>
</tr>
<tr>
<td>Cemetery</td>
<td>477,242</td>
<td>318,244</td>
<td>-</td>
<td>-</td>
<td>(158,998)</td>
<td>(158,998)</td>
</tr>
<tr>
<td>Golf course</td>
<td>127,290</td>
<td>156,019</td>
<td>-</td>
<td>-</td>
<td>28,729</td>
<td>28,729</td>
</tr>
<tr>
<td>Parking</td>
<td>1,936,191</td>
<td>2,552,235</td>
<td>616,044</td>
<td>616,044</td>
<td>15,700,645</td>
<td>15,700,645</td>
</tr>
<tr>
<td>Medic one</td>
<td>5,844,420</td>
<td>4,795,313</td>
<td>-</td>
<td>-</td>
<td>(1,049,107)</td>
<td>(1,049,107)</td>
</tr>
<tr>
<td>Development services</td>
<td>2,378,351</td>
<td>3,220,430</td>
<td>-</td>
<td>-</td>
<td>842,079</td>
<td>842,079</td>
</tr>
<tr>
<td><strong>Total business-type activities</strong></td>
<td>57,955,012</td>
<td>65,129,168</td>
<td>548,128</td>
<td>7,978,361</td>
<td>15,700,645</td>
<td>15,700,645</td>
</tr>
<tr>
<td><strong>Total primary government</strong></td>
<td>$173,648,682</td>
<td>$84,111,645</td>
<td>$6,731,487</td>
<td>$18,435,777</td>
<td>$15,700,645</td>
<td>($64,369,773)</td>
</tr>
</tbody>
</table>

**Component unit:**

Public Facilities District

$1,563,364

**General revenues (GR):**

Taxes:

- Property taxes: 21,921,209
- Sales and use tax: 30,320,519
- Business taxes: 29,884,433
- Real estate excise tax: 3,663,842
- Other taxes: 1,023,206
- Investment income: 1,396,110
- Miscellaneous revenue: 1,625,022
- Transfers: 1,715,147

**Total general revenues and transfers:** 91,549,488

**Change in net position:**

- Net position - beginning: 11,479,070
- Net position - ending: 429,564,818
- Net position - change: 418,085,748

**The notes to the financial statements are an integral part of this statement.**
### CITY OF BELLINGHAM
#### Balance Sheet
#### Governmental Funds
#### December 31, 2015

**Page 1 of 2**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Other Non-Major Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>General Funds</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$8,797,295</td>
<td>$6,147,896</td>
</tr>
<tr>
<td>Investments</td>
<td>42,030,620</td>
<td>19,245,506</td>
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<tr>
<td>Receivables, net</td>
<td>2,932,406</td>
<td>105,041</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>419,049</td>
<td>2,079</td>
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<tr>
<td>Due from other governments</td>
<td>6,239,576</td>
<td>482,151</td>
</tr>
<tr>
<td>Due from component units</td>
<td>-</td>
<td>8,301,546</td>
</tr>
<tr>
<td>Interfund loans receivable</td>
<td>-</td>
<td>2,971,781</td>
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<tr>
<td>Prepaid items</td>
<td>4,214</td>
<td>51,160</td>
</tr>
<tr>
<td>Special assessments receivable</td>
<td>-</td>
<td>52,234</td>
</tr>
<tr>
<td>Notes and contracts receivable</td>
<td>326,843</td>
<td>17,986,916</td>
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<tr>
<td>Restricted:</td>
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<td></td>
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<tr>
<td>Cash and cash equivalents</td>
<td>674,220</td>
<td>44,890</td>
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<tr>
<td>Investments</td>
<td>-</td>
<td>215,388</td>
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<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>61,424,223</td>
<td>55,606,588</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>Other Non-Major Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>3,541,576</td>
<td>1,760,396</td>
</tr>
<tr>
<td>Accrued wages and benefits</td>
<td>2,834,977</td>
<td>208,308</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>142,670</td>
<td>243,092</td>
</tr>
<tr>
<td>Interfund loans payable</td>
<td>3,843,377</td>
<td>-</td>
</tr>
<tr>
<td>Due to other governments</td>
<td>4,761</td>
<td>-</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>327,796</td>
<td>-</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>1,430,108</td>
<td>52,360</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>12,125,265</td>
<td>2,264,156</td>
</tr>
</tbody>
</table>

**Deferred Inflows of Resources**

<table>
<thead>
<tr>
<th></th>
<th>Other Non-Major Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special assessments received in advance</td>
<td>-</td>
<td>52,234</td>
</tr>
<tr>
<td><strong>Total deferred inflows of resources</strong></td>
<td>-</td>
<td>52,234</td>
</tr>
</tbody>
</table>

*The notes to the financial statements are an integral part of this statement.*
CITY OF BELLINGHAM
Balance Sheet
Governmental Funds
December 31, 2015

Page 2 of 2

<table>
<thead>
<tr>
<th>FUND BALANCES</th>
<th>General</th>
<th>Governmental Funds</th>
<th>Other Non-Major</th>
<th>Total</th>
<th>Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nonspendable:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanent funds</td>
<td>-</td>
<td>9,493,936</td>
<td>-</td>
<td>9,493,936</td>
<td></td>
</tr>
<tr>
<td>Prepaid items</td>
<td>4,214</td>
<td>51,160</td>
<td>55,374</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Restricted:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt service</td>
<td>-</td>
<td>9,276,393</td>
<td>-</td>
<td>9,276,393</td>
<td></td>
</tr>
<tr>
<td>Environmental remediation</td>
<td>-</td>
<td>505,283</td>
<td>-</td>
<td>505,283</td>
<td></td>
</tr>
<tr>
<td>HUD programs</td>
<td>-</td>
<td>14,383,383</td>
<td>-</td>
<td>14,383,383</td>
<td></td>
</tr>
<tr>
<td>Library gift</td>
<td>-</td>
<td>78,452</td>
<td>-</td>
<td>78,452</td>
<td></td>
</tr>
<tr>
<td>Low income housing</td>
<td>-</td>
<td>5,929,053</td>
<td>-</td>
<td>5,929,053</td>
<td></td>
</tr>
<tr>
<td>Parks</td>
<td>10,030,552</td>
<td>490,199</td>
<td>10,520,751</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paths and trails</td>
<td>52,167</td>
<td>-</td>
<td>52,167</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanent funds</td>
<td>-</td>
<td>526,340</td>
<td>-</td>
<td>526,340</td>
<td></td>
</tr>
<tr>
<td>Public, education and gov't access tv</td>
<td>-</td>
<td>1,178,113</td>
<td>-</td>
<td>1,178,113</td>
<td></td>
</tr>
<tr>
<td>Public safety</td>
<td>-</td>
<td>4,425,676</td>
<td>-</td>
<td>4,425,676</td>
<td></td>
</tr>
<tr>
<td>Public safety donations - Fallen firefighters</td>
<td>37,991</td>
<td>-</td>
<td>37,991</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real estate excise tax for improvements</td>
<td>9,140,291</td>
<td>-</td>
<td>9,140,291</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tourism</td>
<td>-</td>
<td>767,421</td>
<td>-</td>
<td>767,421</td>
<td></td>
</tr>
<tr>
<td>Traffic impact fees for streets</td>
<td>941,022</td>
<td>-</td>
<td>941,022</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation benefit district</td>
<td>-</td>
<td>3,317,603</td>
<td>-</td>
<td>3,317,603</td>
<td></td>
</tr>
<tr>
<td>Waterfront redevelopment</td>
<td>-</td>
<td>2,867,186</td>
<td>-</td>
<td>2,867,186</td>
<td></td>
</tr>
<tr>
<td><strong>Committed:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal environmental remediation</td>
<td>1,129,348</td>
<td>-</td>
<td>1,129,348</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Streets</td>
<td>7,845,686</td>
<td>-</td>
<td>7,845,686</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Assigned:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public safety donations</td>
<td>4,142</td>
<td>-</td>
<td>4,142</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unassigned</strong></td>
<td>20,113,545</td>
<td>-</td>
<td>20,113,545</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total fund balances</strong></td>
<td>49,298,958</td>
<td>53,290,198</td>
<td>102,589,156</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total liabilities, deferred inflow of resources and fund balances
$ 61,424,223 $ 55,606,588 $ 117,030,811

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

4-5
Amounts reported for governmental activities in the statement of net position are different because:

**Total fund balance of governmental funds** $102,589,156

- Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 357,036,732
- Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.
  - Accrued investment interest 131,770
  - Deferred loss on bond refunding 950,571
  - Net pension asset 14,752,124
  - Deferred outflows of resources related to pension 3,419,596
  - Unearned revenue 1,482,468
  
  Total: 20,736,529

Internal service funds are used by management to charge the cost of certain functions, goods, and services to other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position 21,779,722

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

- Accrued interest payable on long-term debt (58,224)
- Net OPEB obligation (366,839)
- Compensated absences (4,807,462)
- Net pension liability (16,765,735)
- Deferred inflows of resources related to pension (5,758,951)
- GASB 49 pollution remediation costs (24,148,231)
- GASB 70 PFD debt guarantee (2,272,779)
- GO bonds, loans, and notes payable (17,141,649)
- Premiums on long-term debt (1,257,451)

Total: (72,577,321)

**Net position of governmental activities** $429,564,818

---

The notes to the financial statements are an integral part of this statement.
## Statement of Revenues, Expenditures and Changes in Fund Balances

### Governmental Funds

For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>Governmental Funds</th>
<th>Other Non-Major Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td>$18,481,708</td>
<td>$3,467,835</td>
<td>$21,949,543</td>
</tr>
<tr>
<td>Sales and use</td>
<td>22,284,692</td>
<td>7,408,171</td>
<td>29,692,863</td>
</tr>
<tr>
<td>Business</td>
<td>29,884,433</td>
<td>-</td>
<td>29,884,433</td>
</tr>
<tr>
<td>Real estate excise tax (REET)</td>
<td>3,663,842</td>
<td>-</td>
<td>3,663,842</td>
</tr>
<tr>
<td>Other</td>
<td>1,023,206</td>
<td>-</td>
<td>1,023,206</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>856,380</td>
<td>428,238</td>
<td>1,284,618</td>
</tr>
<tr>
<td>Intergovernmental revenue</td>
<td>11,035,575</td>
<td>3,957,469</td>
<td>14,993,044</td>
</tr>
<tr>
<td>Charges for services</td>
<td>13,133,808</td>
<td>3,751,510</td>
<td>16,885,318</td>
</tr>
<tr>
<td>Fines and penalties</td>
<td>986,299</td>
<td>72</td>
<td>986,371</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>1,441,395</td>
<td>1,370,648</td>
<td>2,812,043</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>102,791,338</td>
<td>20,383,943</td>
<td>123,175,281</td>
</tr>
</tbody>
</table>

|                      |                    |                                  |                          |
| **EXPENDITURES**     |                    |                                  |                          |
| Current:             |                    |                                  |                          |
| General government   | 15,364,903         | -                                | 15,364,903               |
| Public safety        | 36,829,426         | 5,215,669                        | 42,045,095               |
| Transportation       | 11,247,290         | 1,675,868                        | 12,923,158               |
| Natural and economic environment | 3,531,669    | 3,945,983                        | 7,477,652                |
| Social services      | 154,472            | -                                | 154,472                  |
| Cultural and recreation | 13,269,867      | 68,194                           | 13,338,061               |
| Debt service:        |                    |                                  |                          |
| Principal            | -                  | 1,396,604                        | 1,396,604                |
| Interest and other charges | 69,170        | 475,680                          | 544,850                  |
| Capital outlay       | 21,850,467         | 4,515,844                        | 26,366,311               |
| **Total expenditures** | 102,317,264     | 17,293,842                       | 119,611,106              |

Excess (deficiency) of revenues over (under) expenditures

|                      |                    |                                  |                          |
|                      | 474,074            | 3,090,101                        | 3,564,175                |

|                      |                    |                                  |                          |
| **OTHER FINANCING SOURCES (USES)** |                    |                                  |                          |
| General long-term debt proceeds | 3,205,000         | -                                | 3,205,000                |
| Premiums on bonds sold | 330,418            | -                                | 330,418                  |
| Transfers in         | 1,171,055          | 1,363,911                        | 2,534,966                |
| Transfers out        | (4,281,062)        | (150,000)                        | (4,431,062)              |

Total other financing sources and (uses) 425,411 1,213,911 1,639,322

Net change in fund balances

|                      | 899,485            | 4,304,012                        | 5,203,497                |

Fund balances - beginning

|                      | 48,399,473         | 48,986,186                       | 97,385,659               |

Fund balances - ending

|                      | $49,298,958        | $53,290,198                      | $102,589,156             |

The notes to the financial statements are an integral part of this statement.
CITY OF BELLINGHAM
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2015

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

Net change in fund balances - total governmental funds  $ 5,203,497

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as a depreciation expense in the current period.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases</td>
<td>26,366,311</td>
</tr>
<tr>
<td>Contributions donated</td>
<td>1,545,869</td>
</tr>
<tr>
<td>Abandonments</td>
<td>(2,921,408)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(8,583,396)</td>
</tr>
<tr>
<td>Retirements</td>
<td>(580,646)</td>
</tr>
<tr>
<td>Depreciation on retirements</td>
<td>460,979</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total: 16,287,709

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued investment interest</td>
<td>(9,550)</td>
</tr>
<tr>
<td>Net pension asset</td>
<td>3,873,730</td>
</tr>
<tr>
<td>Deferred loss on bond refunding</td>
<td>(73,593)</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>(182,093)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total: 3,608,494

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued interest payable on long-term debt</td>
<td>(17,710)</td>
</tr>
<tr>
<td>Net OPEB obligation</td>
<td>541,108</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>(200,833)</td>
</tr>
<tr>
<td>GASB 49 pollution remediation costs</td>
<td>(11,232,006)</td>
</tr>
<tr>
<td>GASB 70 PFD debt guarantee</td>
<td>(144,778)</td>
</tr>
<tr>
<td>GO bonds, loans, and notes payable</td>
<td>(1,808,397)</td>
</tr>
<tr>
<td>Premiums on long-term debt</td>
<td>(384,577)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total: (13,247,193)

Change in net position of governmental activities $11,479,070

The notes to the financial statements are an integral part of this statement.
CITY OF BELLINGHAM  
Statement of Net Position  
Proprietary Funds  
December 31, 2015

### Business-type Activities - Enterprise Funds

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Water</th>
<th>Wastewater</th>
<th>Surface and Stormwater</th>
<th>Solid Waste</th>
<th>Enterprise Funds</th>
<th>Totals</th>
<th>Internal Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,859,721</td>
<td>$2,513,626</td>
<td>$73,615</td>
<td>$1,042,015</td>
<td>$1,757,279</td>
<td>$8,126,296</td>
<td>$3,824,039</td>
</tr>
<tr>
<td>Investments</td>
<td>11,577,355</td>
<td>12,023,149</td>
<td>353,214</td>
<td>4,999,724</td>
<td>8,431,661</td>
<td>27,385,103</td>
<td>18,348,244</td>
</tr>
<tr>
<td>Receivables, net</td>
<td>635,736</td>
<td>819,003</td>
<td>229,593</td>
<td>11,313</td>
<td>582,125</td>
<td>2,277,770</td>
<td>57,724</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>1,122,293</td>
<td>111,520</td>
<td>897,215</td>
<td>-</td>
<td>2,131,028</td>
<td>478,670</td>
<td></td>
</tr>
<tr>
<td>Interfund loans receivable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,350,000</td>
<td>-</td>
<td>1,350,000</td>
<td></td>
</tr>
<tr>
<td>Due from other governmental units</td>
<td>112,544</td>
<td>11,989</td>
<td>5,199,915</td>
<td>1,157</td>
<td>-</td>
<td>5,325,065</td>
<td>7,922</td>
</tr>
<tr>
<td>Inventory</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>569,547</td>
</tr>
<tr>
<td>Prepaid items</td>
<td>9,589</td>
<td>-</td>
<td>-</td>
<td>1,101,862</td>
<td>1,867</td>
<td>1,113,318</td>
<td>62,433</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>2,140,602</td>
<td>2,840,658</td>
<td>-</td>
<td>51,941</td>
<td>-</td>
<td>5,033,201</td>
<td></td>
</tr>
<tr>
<td>Total current assets</td>
<td>18,427,840</td>
<td>18,319,945</td>
<td>6,753,552</td>
<td>305,012</td>
<td>10,772,932</td>
<td>62,832,281</td>
<td>23,348,579</td>
</tr>
<tr>
<td>Noncurrent assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>567,496</td>
<td>4,663,322</td>
<td>-</td>
<td>-</td>
<td>7,592,115</td>
<td>5,905,460</td>
<td>9,604</td>
</tr>
<tr>
<td>Restricted investments</td>
<td>1,524,677</td>
<td>2,610,052</td>
<td>-</td>
<td>284,513</td>
<td>4,419,242</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid insurance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>19,000</td>
<td>-</td>
<td>19,000</td>
<td></td>
</tr>
<tr>
<td>Special assessments receivable</td>
<td>-</td>
<td>18,718</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>18,718</td>
<td></td>
</tr>
<tr>
<td>Capital assets, net of depreciation/amortization:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>35,209,579</td>
<td>3,925,297</td>
<td>4,646,668</td>
<td>-</td>
<td>1,521,635</td>
<td>45,303,179</td>
<td>40,102</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>6,225,409</td>
<td>62,664,230</td>
<td>14,826,763</td>
<td>-</td>
<td>187,218</td>
<td>83,903,620</td>
<td>211,682</td>
</tr>
<tr>
<td>Intangibles - right of ways</td>
<td>-</td>
<td>118,769</td>
<td>87,342</td>
<td>-</td>
<td>-</td>
<td>206,111</td>
<td></td>
</tr>
<tr>
<td>Intangible assets, net of depreciation/amortization:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>6,661,551</td>
<td>32,404,357</td>
<td>-</td>
<td>-</td>
<td>2,314,175</td>
<td>41,930,883</td>
<td>1,277,367</td>
</tr>
<tr>
<td>Improvements</td>
<td>54,915,051</td>
<td>50,326,870</td>
<td>22,614,187</td>
<td>326,534</td>
<td>593,257</td>
<td>128,775,899</td>
<td></td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>591,807</td>
<td>1,500,926</td>
<td>210,932</td>
<td>90,944</td>
<td>150,861</td>
<td>2,545,470</td>
<td>11,717,105</td>
</tr>
<tr>
<td>Intangibles - software</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,531</td>
<td></td>
</tr>
<tr>
<td>Net pension asset</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>381,403</td>
<td>381,403</td>
<td>2,352</td>
<td></td>
</tr>
<tr>
<td>Total noncurrent assets</td>
<td>105,695,570</td>
<td>158,232,541</td>
<td>42,385,892</td>
<td>406,478</td>
<td>5,492,359</td>
<td>312,242,540</td>
<td>13,262,743</td>
</tr>
<tr>
<td>Total assets</td>
<td>124,123,410</td>
<td>176,552,486</td>
<td>49,139,444</td>
<td>894,460</td>
<td>16,265,291</td>
<td>375,076,121</td>
<td>36,611,322</td>
</tr>
</tbody>
</table>

### Deferred Outflows of Resources

<table>
<thead>
<tr>
<th>Deferred outflows of resources</th>
<th>Related to Pensions</th>
<th>Deferred loss on refunding</th>
<th>Total deferred outflows of resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>232,911</td>
<td>390,935</td>
<td>623,846</td>
</tr>
<tr>
<td>Liabilities</td>
<td>113,670</td>
<td>241,982</td>
<td>355,652</td>
</tr>
<tr>
<td>Total deferred outflows of resources</td>
<td>346,581</td>
<td>632,918</td>
<td>979,499</td>
</tr>
</tbody>
</table>

### Liabilities

<table>
<thead>
<tr>
<th>Liabilities</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>638,072</td>
<td>1,276,070</td>
<td>900,618</td>
</tr>
<tr>
<td>Accrued wages and benefits</td>
<td>171,216</td>
<td>186,086</td>
<td>79,107</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>566,535</td>
<td>109,746</td>
<td>1,196,925</td>
</tr>
<tr>
<td>Due to other governments</td>
<td>52,047</td>
<td>22,091</td>
<td>-</td>
</tr>
<tr>
<td>Interfund loans payable</td>
<td>1,350,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>571,986</td>
<td>2,000</td>
<td>4,320</td>
</tr>
<tr>
<td>Current portion:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds payable, net</td>
<td>1,920,000</td>
<td>300,000</td>
<td>480,000</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>212,421</td>
<td>207,805</td>
<td>74,767</td>
</tr>
<tr>
<td>Intergovernmental loans payable</td>
<td>102,283</td>
<td>-</td>
<td>232,202</td>
</tr>
<tr>
<td>Claims and judgments payable</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pollution remediation obligation</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>5,584,587</td>
<td>2,103,798</td>
<td>2,487,939</td>
</tr>
<tr>
<td>Noncurrent liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds payable, net</td>
<td>8,312,335</td>
<td>59,814,436</td>
<td>5,188,279</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>28,218</td>
<td>15,949</td>
<td>7,955</td>
</tr>
<tr>
<td>Intergovernmental loans payable</td>
<td>613,700</td>
<td>-</td>
<td>4,039,172</td>
</tr>
<tr>
<td>Claims and judgments payable</td>
<td>-</td>
<td>-</td>
<td>12,203</td>
</tr>
<tr>
<td>Pollution remediation obligation</td>
<td>-</td>
<td>-</td>
<td>11,442,346</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>2,050,495</td>
<td>2,049,178</td>
<td>1,000,722</td>
</tr>
<tr>
<td>Total noncurrent liabilities</td>
<td>11,004,748</td>
<td>61,879,563</td>
<td>5,047,849</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>16,589,335</td>
<td>63,983,361</td>
<td>7,535,788</td>
</tr>
</tbody>
</table>

### Deferred Inflows of Resources

<table>
<thead>
<tr>
<th>Deferred inflows of resources</th>
<th>Related to Pensions</th>
<th>Total deferred inflow of resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>316,577</td>
<td>316,577</td>
</tr>
<tr>
<td>Liabilities</td>
<td>154,522</td>
<td>154,522</td>
</tr>
<tr>
<td>Total deferred inflow of resources</td>
<td>471,099</td>
<td>471,099</td>
</tr>
</tbody>
</table>

### Net Position

<table>
<thead>
<tr>
<th>Net position</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets</td>
<td>93,960,870</td>
<td>91,871,350</td>
<td>38,114,517</td>
</tr>
<tr>
<td>Restricted for debt service</td>
<td>1,475,476</td>
<td>5,914,670</td>
<td>-</td>
</tr>
<tr>
<td>Restricted for capital improvements / preneed</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Restricted for pension asset</td>
<td>1,842,442</td>
<td>3,154,025</td>
<td>-</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>10,562,556</td>
<td>11,545,468</td>
<td>3,448,307</td>
</tr>
<tr>
<td>Total net position</td>
<td>$107,841,344</td>
<td>$112,485,513</td>
<td>$41,562,824</td>
</tr>
</tbody>
</table>

The notes to the financial statements are an integral part of this statement.
## Business-type Activities - Enterprise Funds

<table>
<thead>
<tr>
<th>Water</th>
<th>Wastewater</th>
<th>Surface and Stormwater</th>
<th>Solid Waste</th>
<th>Enterprise Funds</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of merchandise</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Less: Cost of goods sold</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Customer sales and service fees</td>
<td>21,857,756</td>
<td>18,642,122</td>
<td>-</td>
<td>110,818</td>
<td>8,231,168</td>
</tr>
<tr>
<td>Charges for services</td>
<td>1,872,487</td>
<td>2,485,291</td>
<td>7,816,121</td>
<td>-</td>
<td>99,017</td>
</tr>
<tr>
<td>Rents, parking and concessions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,707,313</td>
</tr>
<tr>
<td>Insurance premium contribution</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>2,785</td>
<td>-</td>
<td>199,121</td>
<td>-</td>
<td>441</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>23,733,028</td>
<td>21,127,413</td>
<td>8,015,242</td>
<td>110,818</td>
<td>11,038,439</td>
</tr>
</tbody>
</table>

## Operating expenses:

<table>
<thead>
<tr>
<th>Water</th>
<th>Wastewater</th>
<th>Surface and Stormwater</th>
<th>Solid Waste</th>
<th>Enterprise Funds</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>General operations</td>
<td>7,656,281</td>
<td>7,139,150</td>
<td>3,171,666</td>
<td>4,321,347</td>
<td>7,829,949</td>
</tr>
<tr>
<td>General administration</td>
<td>3,008,816</td>
<td>2,588,320</td>
<td>1,836,590</td>
<td>144,879</td>
<td>2,708,153</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,314,423</td>
<td>2,852,737</td>
<td>816,193</td>
<td>18,725</td>
<td>201,757</td>
</tr>
<tr>
<td>Taxes</td>
<td>5,037,764</td>
<td>2,793,627</td>
<td>899,451</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Claims</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>18,017,284</td>
<td>15,373,834</td>
<td>6,723,900</td>
<td>4,484,951</td>
<td>10,739,859</td>
</tr>
</tbody>
</table>

## Operating income (loss):

<table>
<thead>
<tr>
<th>Water</th>
<th>Wastewater</th>
<th>Surface and Stormwater</th>
<th>Solid Waste</th>
<th>Enterprise Funds</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income (loss)</td>
<td>5,715,744</td>
<td>5,753,579</td>
<td>1,291,342</td>
<td>(4,374,133)</td>
<td>298,580</td>
</tr>
</tbody>
</table>

## Nonoperating revenues (expenses):

<table>
<thead>
<tr>
<th>Water</th>
<th>Wastewater</th>
<th>Surface and Stormwater</th>
<th>Solid Waste</th>
<th>Enterprise Funds</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>External operating grants and subsidies</td>
<td>518,226</td>
<td>3,661</td>
<td>25,085</td>
<td>1,156</td>
<td>-</td>
</tr>
<tr>
<td>Operating assessments and tax levies</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investment interest</td>
<td>143,374</td>
<td>161,573</td>
<td>17,117</td>
<td>58,656</td>
<td>92,815</td>
</tr>
<tr>
<td>Net incr (decr) in fair value of investments</td>
<td>(33,487)</td>
<td>(32,792)</td>
<td>36,581</td>
<td>16,347</td>
<td>(39,652)</td>
</tr>
<tr>
<td>Interest expense and related charges</td>
<td>(456,651)</td>
<td>(2,580,314)</td>
<td>-</td>
<td>(157,608)</td>
<td>-</td>
</tr>
<tr>
<td>Gain (loss) on sale of capital assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other nonoperating revenues</td>
<td>378,047</td>
<td>196,340</td>
<td>489,059</td>
<td>89,169</td>
<td>6,638</td>
</tr>
<tr>
<td>Other nonoperating expenses</td>
<td>(606,968)</td>
<td>(400,103)</td>
<td>(151,810)</td>
<td>(70,223)</td>
<td>(3,194,573)</td>
</tr>
<tr>
<td>Total nonoperating revenues (expenses)</td>
<td>(57,459)</td>
<td>(2,651,635)</td>
<td>416,032</td>
<td>1,298,356</td>
<td>117,991</td>
</tr>
</tbody>
</table>

## Income (loss) before contributions and transfers:

<table>
<thead>
<tr>
<th>Water</th>
<th>Wastewater</th>
<th>Surface and Stormwater</th>
<th>Solid Waste</th>
<th>Enterprise Funds</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income (loss) before contributions and transfers</td>
<td>5,658,285</td>
<td>3,101,954</td>
<td>1,707,374</td>
<td>(3,075,777)</td>
<td>416,571</td>
</tr>
<tr>
<td>Capital grants and contributions</td>
<td>1,053,079</td>
<td>1,644,343</td>
<td>5,280,939</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers in</td>
<td>575,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(102,244)</td>
<td>(84,000)</td>
<td>(583,586)</td>
<td>(410,000)</td>
<td>(20,000)</td>
</tr>
<tr>
<td>Change in net position</td>
<td>7,184,120</td>
<td>4,662,287</td>
<td>6,404,727</td>
<td>(3,075,777)</td>
<td>1,743,051</td>
</tr>
<tr>
<td>Total net position - beginning</td>
<td>102,892,260</td>
<td>110,056,827</td>
<td>36,248,882</td>
<td>(6,832,250)</td>
<td>13,435,874</td>
</tr>
<tr>
<td>Change in accounting principle - GASB 68</td>
<td>(2,235,036)</td>
<td>(2,233,601)</td>
<td>(1,090,785)</td>
<td>(82,117)</td>
<td>(1,105,767)</td>
</tr>
<tr>
<td>Total net position - ending</td>
<td>$107,841,344</td>
<td>$112,485,513</td>
<td>$41,562,824</td>
<td>(9,410,144)</td>
<td>$14,073,158</td>
</tr>
</tbody>
</table>

## Notes to Financial Statements

The notes to the financial statements are an integral part of this statement.
# Statement of Cash Flows

**CITY OF BELLINGHAM**  
**Proprietary Funds**  
**For the Year Ended December 31, 2015**

## CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Water</th>
<th>Wastewater</th>
<th>Surface and Stormwater</th>
<th>Solid Waste</th>
<th>Enterprise Funds</th>
<th>Total</th>
<th>Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$23,941,460</td>
<td>$21,205,550</td>
<td>$8,066,377</td>
<td>$110,219</td>
<td>$10,957,668</td>
<td>$64,281,274</td>
<td>$882,115</td>
</tr>
<tr>
<td>Receipts from interfund charges for services</td>
<td>139,333</td>
<td>86,059</td>
<td>125,447</td>
<td>83,036</td>
<td>-</td>
<td>433,875</td>
<td>31,167,121</td>
</tr>
<tr>
<td>Payments for merchandise</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,107,308)</td>
</tr>
<tr>
<td>Payments for wages and benefits</td>
<td>(3,806,553)</td>
<td>(3,657,114)</td>
<td>(1,794,834)</td>
<td>(172,612)</td>
<td>(6,962,286)</td>
<td>(16,393,399)</td>
<td>(9,181,661)</td>
</tr>
<tr>
<td>Payments for operating and admin expenses</td>
<td>(12,299,384)</td>
<td>(9,430,142)</td>
<td>(3,456,789)</td>
<td>(592,554)</td>
<td>(4,191,002)</td>
<td>(29,869,671)</td>
<td>(20,831,159)</td>
</tr>
<tr>
<td>Other receipts</td>
<td>238,714</td>
<td>110,282</td>
<td>363,612</td>
<td>20,705</td>
<td>6,638</td>
<td>921,041</td>
<td>284,350</td>
</tr>
<tr>
<td>Other payments</td>
<td>(606,968)</td>
<td>(400,103)</td>
<td>(151,810)</td>
<td>(70,222)</td>
<td>-</td>
<td>(1,229,103)</td>
<td>(165,274)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used for) operating activities</strong></td>
<td>7,606,602</td>
<td>7,914,532</td>
<td>3,152,003</td>
<td>(440,138)</td>
<td>(188,982)</td>
<td>18,044,017</td>
<td>1,048,184</td>
</tr>
</tbody>
</table>

## CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Water</th>
<th>Wastewater</th>
<th>Surface and Stormwater</th>
<th>Solid Waste</th>
<th>Enterprise Funds</th>
<th>Total</th>
<th>Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers in</td>
<td>575,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,346,480</td>
<td>1,921,480</td>
<td>953,874</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(102,244)</td>
<td>(84,000)</td>
<td>(94,921)</td>
<td>(410,000)</td>
<td>(20,000)</td>
<td>(711,165)</td>
<td>(330,234)</td>
</tr>
<tr>
<td>Payments for interest and related charges</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(159,571)</td>
<td>-</td>
<td>(159,571)</td>
<td>(332,055)</td>
</tr>
<tr>
<td>Principal payments on bonds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(460,000)</td>
<td>-</td>
<td>(460,000)</td>
<td>-</td>
</tr>
<tr>
<td>Payments to other governmental units</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(663,189)</td>
<td>(663,189)</td>
<td>-</td>
</tr>
<tr>
<td>Operating grants and loans</td>
<td>518,228</td>
<td>1,071</td>
<td>25,085</td>
<td>6,361</td>
<td>-</td>
<td>550,745</td>
<td>230,214</td>
</tr>
<tr>
<td>Interfund receipts for bond repayment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>116,208</td>
</tr>
<tr>
<td>Interfund loan payments received</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>247,846</td>
</tr>
<tr>
<td>Interfund loans issued</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,350,000)</td>
<td>-</td>
<td>(1,350,000)</td>
<td>-</td>
</tr>
<tr>
<td>Receipts from taxes and subsidies</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,370,813</td>
<td>663,189</td>
<td>2,034,002</td>
<td>629,488</td>
</tr>
<tr>
<td><strong>Net cash provided by (used for) noncapital financing activities</strong></td>
<td>990,984</td>
<td>(82,929)</td>
<td>(69,836)</td>
<td>(1,002,397)</td>
<td>1,326,480</td>
<td>1,162,302</td>
<td>1,515,341</td>
</tr>
</tbody>
</table>

## CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Water</th>
<th>Wastewater</th>
<th>Surface and Stormwater</th>
<th>Solid Waste</th>
<th>Enterprise Funds</th>
<th>Total</th>
<th>Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local improvement district proceeds</td>
<td>-</td>
<td>15,738</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15,738</td>
<td>-</td>
</tr>
<tr>
<td>Refunding bond issue proceeds</td>
<td>4,035,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,035,000</td>
<td>-</td>
</tr>
<tr>
<td>Principal payments on bonds</td>
<td>(8,550,611)</td>
<td>(300,000)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(8,850,611)</td>
<td>-</td>
</tr>
<tr>
<td>Payments for interest and related charges</td>
<td>(536,237)</td>
<td>(2,710,087)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(3,246,324)</td>
<td>-</td>
</tr>
<tr>
<td>Contributions from developers</td>
<td>-</td>
<td>766,820</td>
<td>1,645,712</td>
<td>-</td>
<td>-</td>
<td>2,412,532</td>
<td>-</td>
</tr>
<tr>
<td>Capital grants and loans</td>
<td>415,811</td>
<td>-</td>
<td>2,519,601</td>
<td>-</td>
<td>-</td>
<td>2,935,412</td>
<td>-</td>
</tr>
<tr>
<td>Interfund loan proceeds</td>
<td>1,350,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,350,000</td>
<td>-</td>
</tr>
<tr>
<td>Interfund loans repaid</td>
<td>(247,846)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(247,846)</td>
<td>-</td>
</tr>
<tr>
<td>Purchases of capital assets</td>
<td>(3,523,976)</td>
<td>(4,134,870)</td>
<td>(12,098,383)</td>
<td>-</td>
<td>(107,371)</td>
<td>(19,864,600)</td>
<td>(3,164,765)</td>
</tr>
<tr>
<td>Proceeds from the sale of capital assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>65,453</td>
<td>65,453</td>
<td>207,685</td>
</tr>
<tr>
<td><strong>Net cash provided by (used for) capital financing activities</strong></td>
<td>(7,057,659)</td>
<td>(6,362,399)</td>
<td>(7,933,070)</td>
<td>-</td>
<td>(41,918)</td>
<td>(21,395,246)</td>
<td>(2,957,040)</td>
</tr>
</tbody>
</table>

## CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Water</th>
<th>Wastewater</th>
<th>Surface and Stormwater</th>
<th>Solid Waste</th>
<th>Enterprise Funds</th>
<th>Total</th>
<th>Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from sales and maturity of investments</td>
<td>1,292,231</td>
<td>1,237,144</td>
<td>3,784,858</td>
<td>839,946</td>
<td>637,554</td>
<td>7,791,733</td>
<td>2,288,862</td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(4,271,793)</td>
<td>(4,089,689)</td>
<td>-</td>
<td>-</td>
<td>(2,008,249)</td>
<td>(10,369,731)</td>
<td>(3,046,473)</td>
</tr>
<tr>
<td>Interest and dividends received</td>
<td>139,225</td>
<td>156,862</td>
<td>26,023</td>
<td>65,453</td>
<td>91,483</td>
<td>475,278</td>
<td>195,128</td>
</tr>
<tr>
<td><strong>Net cash provided by (used for) investment activities</strong></td>
<td>(2,840,337)</td>
<td>(2,695,683)</td>
<td>3,810,882</td>
<td>901,637</td>
<td>(1,279,212)</td>
<td>(2,102,720)</td>
<td>(562,483)</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and equivalents</td>
<td>(1,300,610)</td>
<td>(1,226,479)</td>
<td>(1,040,022)</td>
<td>(540,904)</td>
<td>(183,632)</td>
<td>(4,291,647)</td>
<td>(955,998)</td>
</tr>
<tr>
<td>Cash and cash equivalents - beginning of year</td>
<td>10,017,606</td>
<td>11,244,085</td>
<td>8,066,377</td>
<td>110,219</td>
<td>1,816,576</td>
<td>18,539,572</td>
<td>3,833,643</td>
</tr>
<tr>
<td>Cash and cash equivalents - end of year</td>
<td>$5,537,819</td>
<td>$7,914,532</td>
<td>3,152,003</td>
<td>(440,138)</td>
<td>(188,982)</td>
<td>18,044,017</td>
<td>1,048,184</td>
</tr>
</tbody>
</table>

The notes to the financial statements are an integral part of this statement.
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)  
5,715,744 5,753,579 1,291,342 (4,374,133) 298,580 8,685,112 (2,434,542)

Adjustments to reconcile operating income to net cash provided (used) by operating activities:

Depreciation 2,314,423 2,852,737 816,193 18,725 201,757 6,203,835 1,597,816
Pension expense (100,875) (100,811) (49,231) (4,157) (132,611) (387,685) (195,907)
Miscellaneous income 378,047 196,338 489,059 89,169 6,638 1,159,275 284,350
Miscellaneous expenses (606,968) (400,103) (151,810) (70,222) - (1,229,103) (165,274)
Increase (decrease) in accounts receivable 210,921 76,137 51,135 (599) (80,319) 259,275 (11,070)
Increase (decrease) in due from other funds (1,117,813) (111,520) (877,247) - - (2,106,580) (478,670)
Increase (decrease) in inventory of supplies - - - - - 239,962 -
Increase (decrease) in prepayments 10,328 60,381 - 1,015,477 (1,059) 1,085,127 (34,884)
Increase (decrease) in wages and benefits payable 38,856 4,284 21,037 2,592 35,598 102,367 482,368
Increase (decrease) in revenues collected in advance - - - (480) (480) -
Increase (decrease) in due to other funds 563,816 109,335 1,196,925 4,245 (19,925) 1,854,396 768,628
Increase (decrease) in due to other governments - - - (433,925) (433,925) -
Increase (decrease) in other current liabilities (9,552) - - (10,715) (20,267) 784,568 -
Increase (decrease) in other fees and taxes (25,779) (6,468) (3,296) - 7,006 (28,537) 538
Increase (decrease) in due to other governments - - - - - -
Increase (decrease) in other long-term liabilities 549 (1,625) 5,981 2,867,244 1,318 2,873,467 457,115
Total Adjustments 1,890,858 2,160,953 1,860,661 3,933,965 (487,562) 9,358,905 3,482,726

Net cash provided by (used for) operating activities 7,606,602 7,914,532 3,152,003 (440,138) (16,347) 18,044,017 1,048,184

Noncash investing, capital, and financing activities:

Net change in fair value of investments (33,487) (32,792) 36,581 6,393 (16,347) (39,652) (13,777)
Contributions from developers 842,919 877,523 640,145 - - 2,360,587 -
Fleet donations - - (488,665) - - (488,665) 556,834

The notes to the financial statements are an integral part of this statement.
## Statement of Fiduciary Net Position

**Fiduciary Funds**  
**December 31, 2015**

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

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Pension &amp; OPEB Trust Funds</th>
<th>Agency Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,703,510</td>
<td>$245,986</td>
</tr>
<tr>
<td>Invested in government securities</td>
<td>12,971,799</td>
<td>-</td>
</tr>
<tr>
<td>Receivables, net</td>
<td>58,998</td>
<td>3,179</td>
</tr>
<tr>
<td>Interfund loans receivable</td>
<td>871,596</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>16,605,903</strong></td>
<td><strong>249,165</strong></td>
</tr>
</tbody>
</table>

| LIABILITIES | | |
| Accounts payable | 47,807 | 104,683 |
| Accrued pension benefits | 48,203 | - |
| Unearned revenue | 30,627 | 144,482 |
| **Total liabilities** | **126,637** | **249,165** |

| NET POSITION | | |
| Restricted for pension and OPEB | $16,479,266 | |
Pension & OPEB Trust Funds

ADDITIONS

Contributions:
- Employer contributions $3,577,590
- Nonemployer contributions 127,180
Total trust contributions 3,704,770

Investment income:
- Interest 141,932
- Net incr (decr) in fair value of investments (23,210)
Net investment income 118,722
Total additions 3,823,492

DEDUCTIONS

- Benefit payments 2,323,233
- Administrative expenses 78,636
Total deductions 2,401,869

Change in net position 1,421,623

Total net position - beginning $15,057,643
Total net position - ending $16,479,266
# City of Bellingham

**Notes to the Basic Financial Statements**

**December 31, 2015**

## Index to the Notes

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

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

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

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

Blended component unit

The Bellingham Transportation Benefit District (TBD), established in 2010, is included in the accompanying financial statements as a blended component unit. The TBD is a separate Washington quasi-municipal corporation created under RCW 35.21.225 and Bellingham Municipal Ordinance No. 2010-07-040. Consistent with RCW 36.73.020(3), the governing board of the TBD shall be the Bellingham City Council acting in an ex officio and independent capacity. The TBD Board shall have the authority to exercise the statutory power set forth in RCW chapter 36.73. The TBD is funded by a voter approved 0.2% sales and use tax increase to be used for funding transportation improvements defined by RCW 36.73.015 including street preservation and maintenance, transit service, and non-motorized transportation projects. The City, through an interlocal agreement with the TBD, provides administrative services and financial management. Given that the TBD's governing body is substantively the same as the governing body of the City, and the City has operational responsibility of the TBD, the TBD meets the criterion of a blended component unit. Accordingly, the TBD is reported as part of the non-major special revenue fund in the City's combining and individual fund statements. On December 31, 2015, the TBD was dissolved as a separate legal entity with Ordinance No. 2015-12-056. The TBD's rights, powers,
functions, and obligations have been assumed by the City and City Council desires to continue the work and function of the TBD as defined in state law and Ordinance No. 2010-07-040. In 2016 the TBD will be included as a governmental fund of the City and will no longer meet the criteria of a component unit.

**Discretely presented component units**

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

The City issued bonds on behalf of the PFD in 2004 and is contingently liable for the 2007 bonds issued by the PFD. Payments for the PFD debt are expected to be made from PFD tax revenues. In the event that these revenues are insufficient to make any required payments, the City may be liable for the required debt payments on both bonds. See note V-B for information on the PFD debt contingency. Given that the PFD is legally separate from the City, the PFD's board is appointed by the City, the City can impose its will on the PFD, and none of the criteria in GASB No. 61 paragraph eight apply to the PFD, the PFD qualifies as a discrete component unit.

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

**I-B Basis of presentation - government-wide and fund financial statements**

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

The statement of activities shows the degree that the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 other items not properly included among program revenues are reported instead as *general revenues*.

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

The 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. Beginning in 2011, street maintenance was added as part of the *general fund* presented in the CAFR. Beginning in 2012, eleven additional former special revenue funds were reported in the general fund to comply
with GASB Statement No. 54. As of 2015, there are a total of eleven funds in addition to the originally budgeted general fund that roll up as part of the combined general fund presented in the CAFR. These additional former special revenue funds, now referred to as general fund subsidiaries, are budgeted separately from the general fund and have individual budget and actual statements included in the combining and individual fund statements. See RSI for the composition of the general fund.

The government reports the following four major proprietary funds:

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

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

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

The solid waste fund accounts for litter compliance expenses and the operations of the Clean Green site where City and County residents bring grass, shrubs, 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.

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

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

Fiduciary fund types:

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 full 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within 90 days of the end of the current fiscal period for grant revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. 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.

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 usual procedure to spend restricted funds first and then unrestricted funds.

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

Deposits and investments

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

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

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

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

Receivables

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

1) Interest receivable consists of amounts earned, but not received, on investments.
2) Notes and contracts receivable consists of principal amounts owed on open accounts from private individuals or organizations for goods and services rendered.
3) Special assessments are recorded when levied. Special assessments receivable consists of current and delinquent assessments and related interest and penalties.
4) During the year, property tax revenues are recognized when received. There is no allowance for uncollectible taxes. The City considers delinquent taxes fully collectible.

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

**Inventories and prepaid items**

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

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

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

**Capital assets**

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

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

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

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

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

<table>
<thead>
<tr>
<th>Asset category</th>
<th>Asset threshold</th>
<th>Useful life (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>Any amount</td>
<td>No limit</td>
</tr>
<tr>
<td>Buildings</td>
<td>$ 50,000</td>
<td>20-50</td>
</tr>
<tr>
<td>Equipment:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fleet replacement</td>
<td>5,000</td>
<td>3-25</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>10,000</td>
<td>3-25</td>
</tr>
<tr>
<td>Network IT/electronics /communications</td>
<td>25,000</td>
<td>3-25</td>
</tr>
<tr>
<td>Intangible Software</td>
<td>50,000</td>
<td>7</td>
</tr>
<tr>
<td>Improvements:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure</td>
<td>50,000</td>
<td>20-50</td>
</tr>
<tr>
<td>Leasehold</td>
<td>50,000</td>
<td>10</td>
</tr>
<tr>
<td>Other</td>
<td>50,000</td>
<td>5-50</td>
</tr>
</tbody>
</table>
The City has acquired certain assets with funding provided by federal financial assistance programs. Depending on the terms of the agreements involved, the federal government could retain an equity interest in these assets. These assets are identified in the asset system as partially grant funded for tracking purposes in the event of a sale or surplus of the item.

**Deferred outflows/inflows of resources**

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

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

**Compensated absences**

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

City policy permits employees to accumulate unused sick leave. Sick leave is earned at rates established in individual bargaining unit agreements. Each employee may accumulate a maximum of 1040 hours. Unused sick leave is payable upon termination only to LEOFF II employees. LEOFF II employees may cash out up to 150 hours of their accumulated sick leave balance upon retirement. The City maintains a liability for future sick leave cash-out payments. Currently, both the Teamsters 231 and AFSCME 114 bargaining groups are also eligible for an annual optional sick leave cash out program. Employees with accumulated banks of at least 480 hours on December 15 of each year, have the option of cashing out 25 percent of sick leave hours accumulated and not used in the prior twelve-months. Employees with accumulated banks of at least 720 hours on December 15 of each year, have the option of cashing out 50 percent of sick leave hours accumulated and not used in the prior twelve-months. 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.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Bellingham Firefighters', City of Bellingham Police Officers', and the Washington State Department of Retirement Systems and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
Other post-employment benefits (OPEB)

Lifetime full medical and long-term care coverage is provided to uniformed Police and Fire personnel who became members of the Law Enforcement Officers and Fire Fighters (LEOFF 1) retirement system prior to October 1, 1977. A liability for OPEB is reported in the government-wide statements. The actual health costs are reported as expenditures in the fiduciary pension funds.

Long-term obligations

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

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

Restricted assets

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

Contributions of capital

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

Estimates

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

Comparative data/reclassifications

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

Fund balance

The City of Bellingham is a first class charter City in the state of Washington organized with a council-mayor form of government. City management is led by the elected Mayor in a strong-Mayor, weak-Council form of government. The Mayor and the City Council are the bodies with the “highest level of decision-making authority”. In accordance with GASB Statement 54, governmental fund balance reporting and governmental fund type definitions, the City classifies governmental fund balance as follows:
Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The City has permanent funds, prepaid items, and inventories within the non-spendable fund balance category.

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

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

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

Unassigned – the residual balance for the general fund is unassigned. The general fund is the only fund that can have a deficit in unassigned.

Spending prioritization in using available resources

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

Fund reserve goals

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


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

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

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

**II-A  Budgetary information**

Biennial appropriated budgets are adopted for the general, special revenue and debt service funds on a basis consistent with generally accepted accounting principles (GAAP). 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 requires financial statements presenting budgetary comparisons for governmental fund types only.

Biennial appropriated budgets are adopted at the fund level and legal budgetary control is established at the fund level. Legal budgets are adopted for the 11 funds consolidated with the General Fund for GAAP reporting. Budget to actual schedules for these consolidated funds are included in the combining statements. Subsidiary revenue and expenditure ledgers are used to compare the budgeted amounts with actual revenues and expenditures. As a management control device, the subsidiary ledgers monitor expenditures for individual functions by department, activity and object class; however, this level of budgetary monitoring is not legally mandated. Appropriations for all funds lapse at the end of every even year.

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

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

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

**II-B  Deficit fund equity**

As of December 31, 2015, the following funds reported deficits in fund balance or fund equity:

*Fund 440 – The solid waste fund* has a deficit net position of $9.4 million. This deficit is due to 1) In 2005 the City issued bonds totaling $8.7 million, and in 2014 issued bonds totaling $5.5 million to advance refund and defease bonds maturing in years 2020-2025. The *solid waste fund* has a long-term bond payable liability of $5.7 million at December 31, 2015. The purpose of the 2005 bonds was to finance (a) the environmental cleanup of the Holly Street landfill, (b) the City’s share of the environmental cleanup of the Cornwall Avenue and Central Waterfront landfill sites by the Port of Bellingham, and (c) the acquisition of the Colony Wharf property adjacent to the Roeder Avenue landfill. In 2006, the *solid waste fund* sold Colony Wharf to the *general fund*, so it no longer has the asset, but still has a liability for the debt. The remediation expenses did not increase assets. 2) Per GASB 49, the City has a net pollution remediation liability in the *solid waste fund* of $11.64 million at December 31, 2015. The utility tax received by the *solid waste fund* was increased from 7% to 11.5% effective May 1, 2005, in order to
accommodate the debt service requirements for the projects funded from bond proceeds. The deficit will be reduced as the bonds payable liability is reduced and also as the pollution remediation liability is reduced. See note V-C for further discussion on pollution remediation.

**Fund 530 – The facilities administration fund** has a deficit net position of $4.9 million. This deficit is largely due to issuing qualified energy conservation bonds in 2011 to finance noncapital improvements in over 20 City owned municipal building. These improvement expenses did not increase assets. The deficit will be eliminated when the bonds mature in 2025. These are term bonds; principal is due in full on the maturity date. The facilities administration fund has a long-term bond payable liability of $6.1 million at December 31, 2015. The deficit widened with the recognition of the net pension liability of $983 thousand with the implementation of GASB 68 in the current year.

**Fund 570 – The Public Works Admin and Engineering fund** has a deficit net position of $1.8 million. As an internal service fund this fund provides services to other funds within the government and is reimbursed based on an allocation for these costs. The recovery costs charged to the funds that received labor and benefits from fund 570 was an estimate of the actual costs incurred which however, the estimate was too low in 2015 to recover all costs incurred. In 2016 the City will recover shared costs by allocating the actual costs incurred in fund 570 amongst the funds receiving the benefits. This should help eliminate this deficit. Additionally, there is a deficit in this fund because of the net pension liability of $1.4 million. This liability is a result of GASB 68's implementation and has been allocated to this fund based on the employees home-funded here.

**II-C Excess of expenditures over appropriations**

As of December 31, 2015, there has been no material violation of finance related legal or contractual provisions in any City governmental fund.
NOTE III. ACCOUNTING CHANGES

III-A New and closed funds

**Fund 172 - Beyond greenways** - In 1997, the City of Bellingham passed Ordinance 1998-02-004 creating the *beyond greenways* fund. The fund was created to separately account for a voter approved nine year property tax levy, for acquisition, improvements, and maintenance of greenways areas. On December 14, 2015, the Bellingham City Council passed Resolution 2015-12-057, dissolving the *beyond greenways* fund as the tax levy collections were fully expended.

**Fund 123 - Park site acquisition** - In 1975, the City of Bellingham passed Ordinance 8414, creating the *park site acquisition* fund. The fund was created to account for fees charged on development of subdivision lots to be used for park land acquisitions. On April 30, 2015, the Bellingham City Council passed Resolution 2015-05-021, dissolving the *Park Site Acquisition* fund. Park Impact fees and the *park impact fee* fund replaced the program accounted for in *park site acquisition* fund.

III-B Implementation of new Governmental Accounting Standards Board (GASB) pronouncements

Effective for fiscal year 2015 reporting, the City adopted the following new standards issued by the Governmental Accounting Standards Board (GASB):

Statement No. 68 *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 redefines net pension liability, creates new financial statement classifications deferred inflows and deferred outflows of resources, and requires recording the City's proportionate share of the state sponsored retirement plan net pension liability, or asset, on the City's government-wide financial statements.

Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement No. 71 addresses an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, made by the City to the state sponsored retirement plan after the measurement date of the state's net pension liability.

Implementation of GASB Statement 68 resulted in an adjustment to the government-wide net position, for the State and City pension plans, in the amount of $29,380,114, an addition of net pension liability in the amount of $27,177,515, and an addition to the existing net pension asset bringing the total net pension asset to $15,135,759 as of 12/31/2015.
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 the Federal Depository Insurance Commission (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington State Public Deposit Protection Commission (PDPC). The FDIC insures the City’s deposits up to $250,000; the PDPC covers amounts in excess of $250,000.

Investments
The City invests excess and inactive funds, in accordance with City Investment Policy and Washington State statute, RCW 35A.40.060. The government utilizes a pooled investment concept for all its funds to maximize its investment program. Investments are valued at fair value as of December 31, 2015 and Investments with a purchase life of less than one year are reported at cost.

The City invests with the Washington State Local Government Investment Pool (LGIP), administered by the Office of the State Treasurer, authorized under RCW Chapter 43.250. The LGIP operates in a manner consistent with the SEC Rule 2a-7. The LGIP’s investment objectives are, in priority order: safety of principal, maintaining adequate liquidity to meet cash flows, and providing a competitive interest rate relative to other comparable investment alternatives. The LGIP offers 100% liquidity to its participants. The fair value of the position in the LGIP is the purchase price and is reported on the balance sheet as cash and cash equivalents.

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

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

Concentration of credit risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. Per the City’s Investment Policy, the City diversifies its investments by security type and institution with no more than 50% of the City’s total investment portfolio invested in a single security type or with a single financial institution. At year-end the City holds four investment securities, exceeding 5% of the City’s total investment portfolio, in the following implicitly guaranteed federal government sponsored agency securities; FHLB, FNMA, FHLMC, and FFCB.

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 are conducted on a delivery-versus-payment (DVP) basis and are held in Safekeeping with U.S. Bank. All of the City’s investments are insured or registered in the name of the City, or held by the City or its agent in the City’s name.

Foreign currency risk - The City does not have any investments in foreign currency and accordingly is not exposed to foreign currency risk.
## Fair value of deposits and investments at December 31, 2015

<table>
<thead>
<tr>
<th>Deposit and investment type / issuer</th>
<th>Fair value</th>
<th>Maturity period</th>
<th>% of total investments</th>
<th>Moody's rating</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>≥ 3 months</td>
<td>4-12 Months</td>
<td>1-5 years</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Government Investment Pool (LGIP)</td>
<td>$24,957,778</td>
<td>$24,957,778</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deposits</td>
<td>17,107,805</td>
<td>17,107,805</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total cash and cash equivalents</strong></td>
<td>42,065,583</td>
<td>42,065,583</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Investments at fair value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury Obligations:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury Notes</td>
<td>10,012,305</td>
<td>-</td>
<td>5,010,545</td>
<td>5,001,760</td>
</tr>
<tr>
<td>U.S. Government Agency Securities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Home Loan Bank (FHLB)</td>
<td>19,030,590</td>
<td>5,026,890</td>
<td>4,995,145</td>
<td>9,008,555</td>
</tr>
<tr>
<td>Federal National Mortgage Association (FNMA)</td>
<td>54,806,355</td>
<td>5,000,605</td>
<td>10,027,690</td>
<td>39,778,060</td>
</tr>
<tr>
<td>Federal Home Loan Mortgage Corp. (FHLMC)</td>
<td>20,018,770</td>
<td>-</td>
<td>5,039,780</td>
<td>14,978,990</td>
</tr>
<tr>
<td>Federal Farm Credit Bank (FFCB)</td>
<td>19,219,742</td>
<td>-</td>
<td>19,219,742</td>
<td>-</td>
</tr>
<tr>
<td>Municipal Bonds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pierce County School District GO</td>
<td>1,001,030</td>
<td>-</td>
<td>1,001,030</td>
<td>-</td>
</tr>
<tr>
<td>King County WA School District #414</td>
<td>1,998,940</td>
<td>-</td>
<td>-</td>
<td>1,998,940</td>
</tr>
<tr>
<td>King County WA School District #411</td>
<td>249,350</td>
<td>-</td>
<td>-</td>
<td>249,350</td>
</tr>
<tr>
<td>Snohomish County WA School District #16</td>
<td>997,860</td>
<td>-</td>
<td>997,860</td>
<td>-</td>
</tr>
<tr>
<td>Jackson County OR School District #6</td>
<td>3,444,166</td>
<td>-</td>
<td>1,699,031</td>
<td>1,745,135</td>
</tr>
<tr>
<td>Honolulu City &amp; County HI GO</td>
<td>4,410,132</td>
<td>-</td>
<td>1,877,906</td>
<td>2,532,226</td>
</tr>
<tr>
<td><strong>Total investments at fair value</strong></td>
<td>135,189,240</td>
<td>10,027,495</td>
<td>29,651,127</td>
<td>95,510,618</td>
</tr>
<tr>
<td><strong>Total deposits and investments</strong></td>
<td>$177,254,823</td>
<td>$52,093,078</td>
<td>$29,651,127</td>
<td>$95,510,618</td>
</tr>
</tbody>
</table>

Less:

| Fiduciary fund deposits and investments | (15,921,294) |

**Statement of net position total** $161,333,529

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

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

### Receivables as of December 31, 2015

<table>
<thead>
<tr>
<th>Governmental activities</th>
<th>General</th>
<th>Nonmajor governmental</th>
<th>Internal service</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>$69</td>
<td>$3,250</td>
<td>$39,318</td>
<td>$42,637</td>
</tr>
<tr>
<td>Taxes</td>
<td>283,944</td>
<td>52,359</td>
<td>-</td>
<td>336,303</td>
</tr>
<tr>
<td>Accounts</td>
<td>15,513,365</td>
<td>49,432</td>
<td>18,406</td>
<td>15,581,203</td>
</tr>
<tr>
<td>Special assessments</td>
<td>-</td>
<td>52,234</td>
<td>-</td>
<td>52,234</td>
</tr>
<tr>
<td>Notes and contracts</td>
<td>326,843</td>
<td>17,986,916</td>
<td>-</td>
<td>18,313,759</td>
</tr>
<tr>
<td>Due from other governments</td>
<td>6,239,576</td>
<td>482,151</td>
<td>7,922</td>
<td>6,729,649</td>
</tr>
<tr>
<td>Due from component unit</td>
<td>-</td>
<td>8,301,546</td>
<td>-</td>
<td>8,301,546</td>
</tr>
<tr>
<td>Gross receivables</td>
<td>22,363,797</td>
<td>26,927,888</td>
<td>65,646</td>
<td>49,357,331</td>
</tr>
<tr>
<td>Less: allow. for uncollect.</td>
<td>(12,864,972)</td>
<td>-</td>
<td>-</td>
<td>(12,864,972)</td>
</tr>
<tr>
<td>Total governmental</td>
<td>$9,498,825</td>
<td>$26,927,888</td>
<td>$65,646</td>
<td>$36,492,359</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business-type activities</th>
<th>Water</th>
<th>Waste water</th>
<th>Surface &amp; stormwater</th>
<th>Solid waste</th>
<th>Nonmajor enterprise</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>$28,076</td>
<td>$31,357</td>
<td>$757</td>
<td>$10,714</td>
<td>$18,678</td>
<td>$89,582</td>
</tr>
<tr>
<td>Accounts</td>
<td>607,660</td>
<td>787,646</td>
<td>228,836</td>
<td>599</td>
<td>2,058,961</td>
<td>3,683,702</td>
</tr>
<tr>
<td>Due from other government</td>
<td>112,544</td>
<td>11,989</td>
<td>5,199,915</td>
<td>1,157</td>
<td>-</td>
<td>5,325,605</td>
</tr>
<tr>
<td>Gross receivables</td>
<td>748,280</td>
<td>830,992</td>
<td>5,429,508</td>
<td>12,470</td>
<td>2,077,639</td>
<td>9,098,889</td>
</tr>
<tr>
<td>Less: allow. for uncollect.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,495,514)</td>
<td>(1,495,514)</td>
</tr>
<tr>
<td>Total business-type</td>
<td>$748,280</td>
<td>$830,992</td>
<td>$5,429,508</td>
<td>$12,470</td>
<td>$582,125</td>
<td>$7,603,375</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fiduciary funds</th>
<th>Fire Pension</th>
<th>Police Pension</th>
<th>Guaranty Deposit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>$15,933</td>
<td>$11,864</td>
<td>-</td>
<td>$27,797</td>
</tr>
<tr>
<td>Taxes</td>
<td>30,627</td>
<td>-</td>
<td>-</td>
<td>30,627</td>
</tr>
<tr>
<td>Accounts</td>
<td>574</td>
<td>-</td>
<td>3,179</td>
<td>3,753</td>
</tr>
<tr>
<td>Total fiduciary</td>
<td>$47,134</td>
<td>$11,864</td>
<td>$3,179</td>
<td>$62,177</td>
</tr>
</tbody>
</table>

As of December 31, 2015, all special assessments are current.

Governmental funds report unearned 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. Taxes receivable consist of both property and utility tax.

### Unearned revenue as of December 31, 2015

<table>
<thead>
<tr>
<th>Unearned revenue</th>
<th>General</th>
<th>Special revenue</th>
<th>Capital projects</th>
<th>Permanent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delinquent property taxes receivable</td>
<td>$283,944</td>
<td>$45,178</td>
<td>$650</td>
<td>$6,532</td>
<td>$336,304</td>
</tr>
<tr>
<td>Fines/forfeitures receivable</td>
<td>1,146,164</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,146,164</td>
</tr>
<tr>
<td>Total unearned revenue for governmental funds</td>
<td>$1,430,108</td>
<td>$45,178</td>
<td>$650</td>
<td>$6,532</td>
<td>$1,482,468</td>
</tr>
</tbody>
</table>

### IV-C Deferred outflows and inflows of resources

Deferred inflows and deferred outflows in the government-wide statements at December 31, 2015, are as follows:

#### Deferred Outflows

**Pension Plans:**
- Payments made subsequent to measurement date: $1,974,470, $399,470, $2,373,940
- Difference between expected and actual experience: $1,701,718, 344,287, $2,046,005
- Changes in proportionate share: $160,096, 32,390, $192,486
- Changes in plan assumptions: 34,946, 7,070, 42,016
- Deferred loss on refunding: 950,571, 632,918, 1,583,489
- Total deferred outflows of resources: $4,821,801, $1,416,135, $6,237,936

#### Deferred Inflows

**Pension Plans:**
- Changes in proportionate share: $78,360, $13,472, $91,832
- Difference between expected and actual investment earnings: 6,294,651, 1,082,248, 7,376,899

**Special assessments:**
- Revenue received in advance of assessment date: 52,234, - , 52,234
- Total deferred inflows of resources: $6,425,245, $1,095,720, $7,520,965

### IV-D Property taxes

In November 2001, the state voters approved Initiative 747, modifying RCW 84.55 and Referendum No. 47, reducing the maximum levy increase to 1% for property taxes, or the Implicit Price Deflator (IPD), whichever is less. The levy limit applies to a taxing district's levy amount, and not to increases in the assessed value of individual properties. The limit is based on the population of the district as well as the district's need to increase revenue. The law restricts taxing districts from levying, in any year, more than a one-percent increase in its regular, non-voted levy over the highest amount that could have been levied since 1985. Because the levy limit does not include new construction, annexations, re-evaluations and voter approved excess levies, a taxing district's actual revenue increase may be greater than one percent. The IPD for 2015 was 1.591%. Council authorized a 1% increase for 2015.

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

Special levies approved by the voters are not subject to the above limitations.

<table>
<thead>
<tr>
<th>Assessment Type</th>
<th>Valuation</th>
<th>Rate/$1,000</th>
<th>Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>General fund</td>
<td>9,301,737,832</td>
<td>1.5610153954</td>
<td>14,520,156</td>
</tr>
<tr>
<td>Fire pension</td>
<td>9,301,737,832</td>
<td>0.2249900006</td>
<td>2,092,798</td>
</tr>
<tr>
<td>New What RDA LIFT</td>
<td>9,301,737,832</td>
<td>0.0039874818</td>
<td>37,091</td>
</tr>
<tr>
<td>Total councilmatic</td>
<td></td>
<td>1.7899928778</td>
<td>16,650,045</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>9,301,737,832</td>
<td>0.3225203778</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Greenways III - parks</td>
<td>9,301,737,832</td>
<td>0.5169399618</td>
<td>4,808,440</td>
</tr>
<tr>
<td>Total voter approved</td>
<td></td>
<td>0.8394603396</td>
<td>7,808,440</td>
</tr>
<tr>
<td>Total assessments</td>
<td></td>
<td>2.6294532174</td>
<td>24,458,485</td>
</tr>
</tbody>
</table>

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 or "pay as you go" financing of 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.

Taxes are levied annually in November for the next fiscal year beginning January 1. The total amount of taxes levied becomes available in February of the year for which they are due. It’s not until this time in February that the property tax revenue and receivable are recognized. Annually the Assessor establishes assessed values at 100% of fair market value. 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.

In November 2012, City of Bellingham voters approved a property tax levy lid lift. In 2013, the levy began providing $3 million a year for Low Income Housing Initiatives.

**IV-E  Capital assets**

Capital asset activity for the year ended December 31, 2015, is summarized as follows:
### Primary government

<table>
<thead>
<tr>
<th>Governmental activities</th>
<th>Beginning balance 1/1/2015</th>
<th>Additions</th>
<th>Reductions</th>
<th>Ending balance 12/31/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital assets not being depreciated:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$76,797,165</td>
<td>$7,843,141</td>
<td>-</td>
<td>$84,640,306</td>
</tr>
<tr>
<td>Improvements</td>
<td>17,614,900</td>
<td></td>
<td></td>
<td>17,614,900</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>25,612,714</td>
<td>14,916,861</td>
<td>(11,824,236)</td>
<td>28,705,339</td>
</tr>
<tr>
<td>Intangibles - right of ways</td>
<td>56,042,744</td>
<td>38,070</td>
<td>-</td>
<td>56,080,814</td>
</tr>
<tr>
<td><strong>Total capital assets, not being depreciated</strong></td>
<td>$176,067,523</td>
<td>22,798,072</td>
<td>(11,824,236)</td>
<td>187,041,359</td>
</tr>
<tr>
<td><strong>Capital assets being depreciated/amortized:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>47,058,755</td>
<td></td>
<td>(112,430)</td>
<td>46,946,325</td>
</tr>
<tr>
<td>Improvements other than buildings</td>
<td>238,762,911</td>
<td>11,887,151</td>
<td>-</td>
<td>250,650,062</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>25,253,195</td>
<td>5,845,294</td>
<td>(1,977,664)</td>
<td>29,120,825</td>
</tr>
<tr>
<td>Intangibles - software</td>
<td>3,693,221</td>
<td></td>
<td>-</td>
<td>3,693,221</td>
</tr>
<tr>
<td><strong>Total capital assets being depreciated/amortized</strong></td>
<td>$314,768,082</td>
<td>17,732,445</td>
<td>(2,090,094)</td>
<td>330,410,433</td>
</tr>
<tr>
<td><strong>Less accumulated depreciation/amortization for:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>(17,686,997)</td>
<td>(867,563)</td>
<td>-</td>
<td>(18,554,560)</td>
</tr>
<tr>
<td>Improvements other than buildings</td>
<td>(103,643,113)</td>
<td>(7,083,482)</td>
<td>-</td>
<td>(110,726,595)</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>(13,998,002)</td>
<td>(1,930,850)</td>
<td>1,709,724</td>
<td>(14,219,128)</td>
</tr>
<tr>
<td>Intangibles - software</td>
<td>(3,364,672)</td>
<td>(299,318)</td>
<td>-</td>
<td>(3,663,990)</td>
</tr>
<tr>
<td><strong>Total accumulated depreciation/amortization</strong></td>
<td>(138,692,784)</td>
<td>(10,181,213)</td>
<td>1,709,724</td>
<td>(147,164,273)</td>
</tr>
<tr>
<td><strong>Total capital assets, being depreciated/amortized, net</strong></td>
<td>$176,075,298</td>
<td>7,551,232</td>
<td>(380,370)</td>
<td>183,246,160</td>
</tr>
<tr>
<td><strong>Governmental activities capital assets, net</strong></td>
<td>$352,142,821</td>
<td>$30,349,304</td>
<td>(12,204,606)</td>
<td>$370,287,519</td>
</tr>
</tbody>
</table>
## Notes to the Basic Financial Statements

**Business-type activities**

<table>
<thead>
<tr>
<th></th>
<th>Beginning balance 1/1/2015</th>
<th>Additions</th>
<th>Reductions</th>
<th>Ending balance 12/31/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$44,882,902</td>
<td>$420,277</td>
<td>$-</td>
<td>$45,303,179</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>69,922,121</td>
<td>18,891,952</td>
<td>(4,910,453)</td>
<td>83,903,620</td>
</tr>
<tr>
<td>Intangibles - right of ways</td>
<td>77,342</td>
<td>128,769</td>
<td>$-</td>
<td>206,111</td>
</tr>
<tr>
<td><strong>Total capital assets, not being depreciated/amortized</strong></td>
<td><strong>114,882,365</strong></td>
<td><strong>19,440,998</strong></td>
<td>(4,910,453)</td>
<td><strong>129,412,910</strong></td>
</tr>
<tr>
<td>Buildings</td>
<td>94,525,618</td>
<td>$-</td>
<td>$-</td>
<td>94,525,618</td>
</tr>
<tr>
<td>Improvements other than buildings</td>
<td>218,914,978</td>
<td>7,136,940</td>
<td>(6,416)</td>
<td>226,045,502</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>6,919,226</td>
<td>69,040</td>
<td>(165,010)</td>
<td>6,823,256</td>
</tr>
<tr>
<td>Intangibles - software</td>
<td>534,878</td>
<td>$-</td>
<td>$-</td>
<td>534,878</td>
</tr>
<tr>
<td><strong>Total capital assets, being depreciated/amortized</strong></td>
<td><strong>320,894,700</strong></td>
<td><strong>7,205,980</strong></td>
<td>(171,426)</td>
<td><strong>327,929,254</strong></td>
</tr>
<tr>
<td>Less accumulated depreciation/amortization for:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>(51,562,509)</td>
<td>(1,583,026)</td>
<td>$-</td>
<td>(53,145,535)</td>
</tr>
<tr>
<td>Improvements other than buildings</td>
<td>(93,007,463)</td>
<td>(4,268,557)</td>
<td>6,417</td>
<td>(97,269,603)</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>(4,059,977)</td>
<td>(352,252)</td>
<td>134,443</td>
<td>(4,277,786)</td>
</tr>
<tr>
<td>Intangibles - software</td>
<td>(534,878)</td>
<td>$-</td>
<td>$-</td>
<td>(534,878)</td>
</tr>
<tr>
<td><strong>Total accumulated depreciation/amortization</strong></td>
<td><strong>(149,164,827)</strong></td>
<td><strong>(6,203,835)</strong></td>
<td>140,860</td>
<td><strong>(155,227,802)</strong></td>
</tr>
<tr>
<td><strong>Total capital assets, being depreciated/amortized, net</strong></td>
<td><strong>171,729,873</strong></td>
<td><strong>1,002,145</strong></td>
<td>(30,566)</td>
<td><strong>172,701,452</strong></td>
</tr>
<tr>
<td><strong>Business-type activities capital assets, net</strong></td>
<td><strong>$286,612,238</strong></td>
<td><strong>$20,443,143</strong></td>
<td><strong>(4,941,019)</strong></td>
<td><strong>$302,114,362</strong></td>
</tr>
</tbody>
</table>

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

### Governmental activities

- General governmental: $331,965
- Public safety: $621,820
- Transportation: $6,196,243
- Cultural and recreational: $1,367,383
- Economic environment: $65,986
- Internal service fund capital assets are charged to various functions based on the usage of the assets: $1,597,816

**Total depreciation expense - governmental activities**: $10,181,213

### Business-type activities

- Cemetery: $2,940
- Water: $2,314,423
- Wastewater: $2,852,737
- Storm and surface water: $816,193
- Solid waste: $18,725
- Golf: $31,684
- Parking: $96,305
- Medic one: $69,202
- Development services: $1,626

**Total depreciation expense - business-type activities**: $6,203,835
Capital asset activity for the year ended December 31, 2015, is summarized as follows:

<table>
<thead>
<tr>
<th>Discretely presented component unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bellingham-Whatcom Public Facility District</td>
</tr>
<tr>
<td>Capital assets not depreciated:</td>
</tr>
<tr>
<td>Land</td>
</tr>
<tr>
<td>Total assets not depreciated</td>
</tr>
<tr>
<td>Capital assets depreciated:</td>
</tr>
<tr>
<td>Buildings</td>
</tr>
<tr>
<td>Improvements other than buildings</td>
</tr>
<tr>
<td>Total assets being depreciated</td>
</tr>
<tr>
<td>Less accumulated depreciation for:</td>
</tr>
<tr>
<td>Buildings</td>
</tr>
<tr>
<td>Improvements other than buildings</td>
</tr>
<tr>
<td>Total accumulated depreciation</td>
</tr>
<tr>
<td>Total capital assets being depreciated, net</td>
</tr>
<tr>
<td>Public Facilities District capital assets, net</td>
</tr>
</tbody>
</table>
IV-F Interfund receivables, payables and transfers

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

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

<table>
<thead>
<tr>
<th>Interfund balances at December 31, 2015</th>
<th>Interfund loans receivable</th>
<th>Interfund loans payable</th>
<th>Due from other funds</th>
<th>Due to other funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>$ -</td>
<td>$ 3,843,377</td>
<td>$ 419,049</td>
<td>$ 142,670</td>
</tr>
<tr>
<td>Nonmajor governmental</td>
<td>2,971,781</td>
<td>-</td>
<td>2,079</td>
<td>243,092</td>
</tr>
<tr>
<td>Water</td>
<td>-</td>
<td>1,350,000</td>
<td>1,122,293</td>
<td>566,535</td>
</tr>
<tr>
<td>Wastewater</td>
<td>-</td>
<td>-</td>
<td>111,520</td>
<td>109,746</td>
</tr>
<tr>
<td>Surface and storm</td>
<td>-</td>
<td>-</td>
<td>897,215</td>
<td>1,196,925</td>
</tr>
<tr>
<td>Solid Waste</td>
<td>1,350,000</td>
<td>-</td>
<td>-</td>
<td>4,245</td>
</tr>
<tr>
<td>Nonmajor enterprise</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>985</td>
</tr>
<tr>
<td>Internal service</td>
<td>-</td>
<td>-</td>
<td>478,670</td>
<td>766,628</td>
</tr>
<tr>
<td>Fiduciary</td>
<td>871,596</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total government-wide</td>
<td>$ 5,193,377</td>
<td>$ 5,193,377</td>
<td>$ 3,030,826</td>
<td>$ 3,030,826</td>
</tr>
</tbody>
</table>

Internal balances between governmental activities and business type activities $ 252,592

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 $871,596 remaining on this loan at year-end, and of that amount $656,369 will not be repaid in 2016.

Greenways endowment fund made a $3,232,022 loan to the Greenways III fund in 2011 for a land purchase. The repayment terms for this original loan were interest only with a balloon payment of $3,232,022 in 2017. In 2013, the Chuckanut Community Forest Park District was formed by voter approval for the express purpose of paying off the Greenways III fund loan (Interlocal Agreement 2013-0624).

The District has levied a property tax of $0.28 cent per thousand dollars of assessed valuation to repay the Greenways endowment fund for this land purchase. The loan is scheduled to be repaid over ten years, beginning in 2014 (effectively superseding the original loan terms and beginning principal payments sooner than previously called for). The loan repayment is based on a variable rate of interest equal to the current rate of return on investments not to exceed 3% annually. In addition, the Chuckanut Community Forest Park District’s payment increases from 50% to 90% of the tax levy received over the first three years of the agreement. At year-end there is $2,971,781 remaining on this loan.

In 2014, citizens in Bellingham sued the City of Bellingham and the Chuckanut Community Forest Park District challenging the formation of the Park District. The case is still pending.
Transfers in/out include transfers to support the operations of other funds, contributions to the capital of enterprise or internal service funds and transfers to establish or reduce working capital in funds.

**Transfers at December 31, 2015**

<table>
<thead>
<tr>
<th>Transfers In</th>
<th>General</th>
<th>Nonmajor governmental</th>
<th>Water</th>
<th>Wastewater</th>
<th>Surface &amp; storm</th>
<th>Solid waste</th>
<th>Nonmajor enterprise</th>
<th>Internal service</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>$ 150,000</td>
<td>$ 92,134</td>
<td>$ 84,000</td>
<td>$ 94,921</td>
<td>$ 10,000</td>
<td>$ 20,000</td>
<td>$</td>
<td>$</td>
<td>$ 451,055</td>
</tr>
<tr>
<td>Nonmajor governmental</td>
<td>953,801</td>
<td>-</td>
<td>10,110</td>
<td>-</td>
<td>-</td>
<td>400,000</td>
<td>-</td>
<td>-</td>
<td>1,363,911</td>
</tr>
<tr>
<td>Water</td>
<td>575,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>575,000</td>
</tr>
<tr>
<td>Nonmajor enterprise</td>
<td>1,346,480</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,346,480</td>
</tr>
<tr>
<td>Internal service</td>
<td>685,781</td>
<td>-</td>
<td>-</td>
<td>488,665</td>
<td>-</td>
<td>-</td>
<td>336,262</td>
<td>-</td>
<td>1,510,708</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 3,561,062</td>
<td>$ 150,000</td>
<td>$ 102,244</td>
<td>$ 84,000</td>
<td>$ 583,586</td>
<td>$ 410,000</td>
<td>$ 20,000</td>
<td>$ 336,262</td>
<td>$ 5,247,154</td>
</tr>
</tbody>
</table>

**IV-G Operating leases**

The City leases four radio towers, one off-site data servicing facility, one building, one office space, four storage units, 59 copiers, two fiber optics and two pieces of equipment under operating lease agreements. Operating leases do not give rise to property rights or lease obligations and therefore the results of the lease agreements are not reflected in the City’s statement of net position. Total operating lease expenditures for 2015 were $508,732. The future minimum lease payments for non-cancelable leases are as follows:

**Future minimum lease payments at December 31, 2015**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$ 156,523</td>
</tr>
<tr>
<td>2017</td>
<td>142,979</td>
</tr>
<tr>
<td>2018</td>
<td>120,509</td>
</tr>
<tr>
<td>2019</td>
<td>73,425</td>
</tr>
<tr>
<td>2020</td>
<td>67,676</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 561,112</strong></td>
</tr>
</tbody>
</table>
IV-H  Capital construction commitments

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

<table>
<thead>
<tr>
<th>Construction commitments as of December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spent to date</td>
</tr>
<tr>
<td>Parks projects</td>
</tr>
<tr>
<td>Street projects</td>
</tr>
<tr>
<td>Water projects</td>
</tr>
<tr>
<td>Wastewater projects</td>
</tr>
<tr>
<td>Stormwater projects</td>
</tr>
<tr>
<td>Parkade project</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

Parks projects are financed through REET revenue, greenway levies, park impact fees and grants. Street projects are financed through sales tax revenue, transportation impact fees and grants. Water, wastewater and stormwater projects are financed through utility revenues, bonds, loans (EDI, DOE) and grants. The parkade project is financed through parking fees.
IV-I 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. Unlimited tax general obligation bonds are created by a 60% majority vote of the people and, therefore, financed by a special tax levy. Limited tax general obligation bonds are created by ordinance, adopted by City Council and normally financed from General fund revenues (councilmanic bonds).

The City currently has the following outstanding general obligation bond issues:

**2011 LTGO Qualified Energy Conservation (QEC) bonds** were issued April 27, 2011, in the amount of $6,480,000. These are term bonds with principal due in full on the maturity date. The City will make interest only payments until 2025. These bonds are taxable and the proceeds were used for financing improvements in over 20 City-owned municipal buildings for the purpose of reducing energy consumption by at least 20 percent. The proceeds were deposited in accordance with the bond ordinance into the Facilities fund. The City has elected to receive a subsidy payment from the federal government equal to 70 percent of the interest calculated at the tax credit rate published by the United States Treasury on the date of sale. The federal credit payment will be paid to the City; no holders of the bonds will be entitled to a tax credit. In 2013, Congress included the QEC bond tax program subsidy as part of the “sequester” agreement, which took effect March 1, 2013 and will continue through 2021. As a result of the sequester the City has received reduced amounts of subsidy payments from the federal government at the following percentages: 2013 - 8.7% and 7.2%, 2014 - 7.2% and 7.3%, 2015 - 7.3% and 6.8%. These bonds are financed by the Facilities fund, a governmental activity, and will mature in 2025.

**2012 LTGO Refunding bonds** were issued March 29, 2012 in the amount of $14,370,000. These bonds are term bonds with principal due in full on the maturity date. The proceeds were used for an advance refunding of the 2004 LTGO Sportsplex acquisition bonds and $10,660,000 of the 2004 LTGO PFD/Civic/Aquatic refunding bonds, and to pay the bond issuance costs. The proceeds were deposited directly with the refunded debt escrow agent in accordance with the bond ordinance. These bonds are financed by the General fund and will mature in 2028.

**2014 LTGO Solid Waste Refunding Series A bonds** were issued December 17, 2014 in the amount of $3,170,000. These bonds are tax exempt and the proceeds were used for an advance refunding of the 2005 LTGO Solid Waste Series A (tax-exempt) bonds and also $1,625,000 of the 2005 Solid Waste Series B (taxable) bonds, and to pay the bond issuance costs. The proceeds were deposited directly with the refunded debt escrow agent in accordance with the bond ordinance. These bonds are financed by the Solid Waste fund, a business-type activity, and will mature in 2025.

**2014 LTGO Solid Waste Refunding Series B bonds** were issued December 17, 2014 in the amount of $2,280,000. These bonds are taxable and the proceeds were used for an advance refunding of the 2005 LTGO Solid Waste Series B (taxable) bonds due in 2016 through 2023 and to pay the bond issuance costs. The proceeds were deposited directly with the refunded debt escrow agent in accordance with the bond ordinance. These bonds are financed by the Solid Waste fund, a business-type activity, and will mature in 2020.
General obligation bonds outstanding December 31, 2015

<table>
<thead>
<tr>
<th>Name of issuance</th>
<th>Original issue amount</th>
<th>Issue date</th>
<th>Maturity date</th>
<th>Interest rates</th>
<th>Debt outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011 LTGO Qual Energy Conservation</td>
<td>$6,480,000</td>
<td>04/27/11</td>
<td>12/01/25</td>
<td>5.43%</td>
<td>$6,100,000</td>
</tr>
<tr>
<td>2012 LTGO Refunding</td>
<td>14,370,000</td>
<td>03/29/12</td>
<td>12/01/28</td>
<td>2.00 - 4.00%</td>
<td>11,730,000</td>
</tr>
<tr>
<td><strong>Total governmental activities</strong></td>
<td>20,850,000</td>
<td></td>
<td></td>
<td></td>
<td>17,830,000</td>
</tr>
<tr>
<td><strong>Business-type activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014 LTGO Solid Waste Rfd’g Series A</td>
<td>3,170,000</td>
<td>12/17/14</td>
<td>12/01/25</td>
<td>3.00 - 4.00%</td>
<td>3,170,000</td>
</tr>
<tr>
<td>2014 LTGO Solid Waste Rfd’g Series B</td>
<td>2,280,000</td>
<td>12/17/14</td>
<td>12/01/20</td>
<td>.40 - 2.35%</td>
<td>2,225,000</td>
</tr>
<tr>
<td><strong>Total business-type activities</strong></td>
<td>5,450,000</td>
<td></td>
<td></td>
<td></td>
<td>5,395,000</td>
</tr>
<tr>
<td><strong>Total general obligation bonds outstanding</strong></td>
<td><strong>$26,300,000</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>$23,225,000</strong></td>
</tr>
</tbody>
</table>

General obligation bond annual debt service requirements to maturity

<table>
<thead>
<tr>
<th>Year ending December 31</th>
<th>Governmental activities</th>
<th>Business-type activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Principal</td>
<td>Interest</td>
</tr>
<tr>
<td>2016</td>
<td>1,190,000</td>
<td>723,455</td>
</tr>
<tr>
<td>2017</td>
<td>1,275,000</td>
<td>675,855</td>
</tr>
<tr>
<td>2018</td>
<td>1,370,000</td>
<td>624,855</td>
</tr>
<tr>
<td>2019</td>
<td>720,000</td>
<td>597,455</td>
</tr>
<tr>
<td>2020</td>
<td>770,000</td>
<td>580,855</td>
</tr>
<tr>
<td>2021-2025</td>
<td>10,800,000</td>
<td>2,450,800</td>
</tr>
<tr>
<td>2026-2029</td>
<td>1,705,000</td>
<td>76,950</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$17,830,000</strong></td>
<td><strong>$5,730,225</strong></td>
</tr>
</tbody>
</table>

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. This note is subordinate to all general obligation debt.

Notes payable debt outstanding December 31, 2015

<table>
<thead>
<tr>
<th>Name of issuance</th>
<th>Original issue amount</th>
<th>Issue date</th>
<th>Maturity date</th>
<th>Interest rates</th>
<th>Debt outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drake property note payable</td>
<td>$225,000</td>
<td>12/31/92</td>
<td>12/31/22</td>
<td>7.00%</td>
<td>$99,176</td>
</tr>
<tr>
<td><strong>Total notes payable outstanding</strong></td>
<td>$225,000</td>
<td></td>
<td></td>
<td></td>
<td>$99,176</td>
</tr>
</tbody>
</table>
Government loans

Public Work Trust Fund (PWTF) loans - The City has PWTF construction loan agreements with the State Department of Community Development. The current PWTF loans outstanding are:

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 street revenues for the purpose of street surface repaving throughout the city. This loan is for a governmental activity and is financed through street revenues. The loan 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 of the citywide water main replacement. This loan is for a business-type activity and is financed through water utility revenues. The loan matures in 2022.

Economic Development Investment (EDI) program loans - The City has EDI program loan agreements with Whatcom County. The current EDI loans outstanding are:

West Bakerview Overpass Project EDI loan - The City entered into an EDI program loan agreement with Whatcom County on March 6, 2012, in the amount of $350,000. The loan was authorized for a seven year period from the date of issue with interest at 1%. The loan was received on March 29, 2012, and proceeds were deposited into street revenues for the purpose of providing funding support for the West Bakerview Overpass project using certain County funds designated for such infrastructure development. The loan is for a governmental activity and matures in 2019.

North End Regional Stormwater Facility Project EDI loan - The City entered into an EDI program loan agreement with Whatcom County on February 11, 2014, in the amount of $1,675,000. The loan was authorized for a seven year period from the date of issue with interest at 1%. The loan was received on December 18, 2015, and proceeds were deposited into Surface and Stormwater fund for the purpose of providing funding support for the North End Regional Stormwater Facility using certain County funds designated for such infrastructure development. The loan is for a business-type activity and is financed through stormwater utility revenues. This loan matures in 2022.

Washington State Department of Ecology (DOE) loans - The City has loan agreements with the Washington State Water Pollution Control Revolving Fund though the Department of Ecology. The current DOE loans outstanding are:
DOE Loan L1200033 - Padden Creek Daylighting - The City entered into a Washington State Water Pollution Control Revolving Fund loan agreement with the DOE on June 22, 2012. Total amount of loan is $1,426,000. Payments were made to the City on a "reimbursable basis" and the City received the first loan proceeds on May 10, 2013. The proceeds of the loan were deposited into the Surface and Stormwater fund and were partial funding of the Padden Creek Daylighting project. The project period was January 1, 2012 through December 31, 2015 and included daylighting a 2,200 foot long reach of Padden Creek that flowed in a continuous underground tunnel in order to restore the creek's natural channel and permanent riparian vegetation buffers. The project improved water quality by restoring vegetated buffers, natural stream morphology and by providing biological integrity. The loan was authorized for 20 years with interest at 2.6% and repayment of the loan will begin 2017. The loan is for a business-type activity and is financed with stormwater utility revenues. This loan matures in 2036.

DOE Loan L1300017 - Squalicum Creek Reroute Phase I - The City entered into a Washington State Water Pollution Control Revolving Fund loan agreement with the DOE on February 4, 2013. Total amount of loan is $528,632. Payments were made to the City on a "reimbursable basis" and the City received the first loan proceeds on July 1, 2015. The proceeds of the loan were deposited into the Surface and Stormwater fund. The project period is January 1, 2013 through February 28, 2016. The overall project consists of rerouting large sections of Squalicum Creek around two man-made ponds that currently create the highest thermal loading in Squalicum Creek. By creating a new channel, reactivating remnant channels and reconnecting the stream with its floodplain, this project has the potential to dramatically decrease water temperatures and improve dissolved oxygen levels in Squalicum Creek by routing water flow away from Bug Lake and Sunset Pond. Phase I consist of re-routing and construction of approximately 3,000 feet of new stream channel on Squalicum Creek to increase effective shade 40-60%, and replant approximately 3,000 feet of new stream channel with a 35-50 feet buffer of both sides of the creek. The loan was authorized for 20 years with interest at 2.7% and repayment of the loan will begin 2017. The loan is for a business-type activity and is financed with stormwater utility revenues. This loan matures in 2036.

DOE Loan L1400010 - Squalicum Creek Reroute Phase II - The City entered into a Washington State Water Pollution Control Revolving Fund loan agreement with the DOE on November 6, 2013. Total amount of loan is $543,536. Payments were be made to the City on a "reimbursable basis" and the City received the first loan proceeds July 1, 2015. The proceeds of the loan were deposited into the Surface and Stormwater fund. The project period is July 1, 2013 through December 31, 2016 and consists of Phase II of the Squalicum Creek Reroute project that will construct approximately 2,200 feet of new channel, improve riparian plantings, and create new emergent wetlands. The loan was authorized for 20 years with interest at 2.3% and repayment of the loan will begin 2017. The loan is for a business-type activity and is financed with stormwater utility revenues. The loan matures in 2036.

DOE Loan L1400025 - Texas/Columbia Storm Mains - The City entered into a loan agreement with the DOE on April 25, 2014. Total amount of loan is $1,647,000. Payments are made to the City on a "reimbursable basis" and the City received the first loan proceeds December 31, 2014. The proceeds of the loan were deposited into the Surface and Stormwater fund. The project period is January 1, 2014 through June 30, 2018 and consists of replacing stormwater mains at multiple locations with the City of Bellingham, centered within two neighborhoods, Roosevelt, affecting the Whatcom Creek watershed, and Columbia, affecting the Squalicum Creek watershed. The loan was authorized for a five year period with interest at 1.1% and repayment of the loan will begin in 2019. The loan is for a business-type activity and is financed with stormwater utility revenues. This loan matures in 2023.
**Washington State Certificate of Participation (COP)** - The program was originally created by the Legislature in 1989 (RCW 39.94) to provide the lowest cost financing for state agency purchases by pooling funding needs into larger offerings of securities. In 1998 the Legislature passed legislation to provide local governments access to the program. Local government agencies of all types can finance equipment or real estate needs through the State Treasurer’s office subject to existing debt limitations and financial considerations. The State issues Certificates of Participation, and the proceeds of the Certificates are to be used to finance and/or refinance the costs of acquisition of certain personal property for the benefit of certain State Agencies and Local Agencies. Each Agency is required to make Agency Installment Payments to the state pursuant to its Agency Financing Contract for the purchase of its respective items of Property. The Agency Installment Payments payable by the participating Agencies pursuant to the Agency Financing Contracts in the aggregate are at least equal to the corresponding State Payments payable by the state pursuant to the Master Financing Contract.

*Lease 0776-1-1* - The City of Bellingham was a participating Local Agency in the State of Washington Certificates of Participation, Series 2014B, dated August 28, 2014. The amount financed was $867,507 and netted the City of Bellingham $1,000,000 for the cost of purchasing six new ambulances. Cost of issuance are reflected in the interest rate of 2.12526%. The loan is financed by General fund, for governmental activity, and matures in 2024.

*Lease 0776-2-1* - The City of Bellingham was a participating Local Agency in the State of Washington Certificates of Participation, Series 2015B, dated September 24, 2015. The amount financed was $3,205,000 and netted the City of Bellingham $3,000,000 for the cost of replacing street light fixtures with LED lights throughout the city. Cost of issuance are reflected in the interest rate of 2.69837%. The loan is financed by street revenues, a governmental activity, and matures in 2027.

<table>
<thead>
<tr>
<th>Name of issuance</th>
<th>Original issue amount</th>
<th>Issue date</th>
<th>Maturity date</th>
<th>Interest rates</th>
<th>Debt outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PWTF - Street Resurfacing</td>
<td>$ 2,975,000</td>
<td>7/25/02</td>
<td>7/1/22</td>
<td>0.50%</td>
<td>$ 1,105,545</td>
</tr>
<tr>
<td>EDI - West Bakerview Overpass</td>
<td>350,000</td>
<td>3/29/12</td>
<td>3/29/19</td>
<td>1.00%</td>
<td>202,980</td>
</tr>
<tr>
<td>2014 WA State COP - Six Ambulances</td>
<td>867,507</td>
<td>8/28/14</td>
<td>6/1/24</td>
<td>2.13%</td>
<td>798,948</td>
</tr>
<tr>
<td>2015 WA State COP - LED Lights</td>
<td>3,205,000</td>
<td>9/24/15</td>
<td>12/1/27</td>
<td>2.70%</td>
<td>3,205,000</td>
</tr>
<tr>
<td><strong>Total governmental activities</strong></td>
<td>7,397,507</td>
<td></td>
<td></td>
<td></td>
<td>5,312,473</td>
</tr>
<tr>
<td><strong>Business-type activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PWTF Water Main Replacement</td>
<td>1,938,000</td>
<td>7/25/02</td>
<td>7/1/22</td>
<td>0.50%</td>
<td>715,983</td>
</tr>
<tr>
<td>DOE L1200033 Padeen Creek Daylighting</td>
<td>1,426,000</td>
<td>5/10/13</td>
<td>12/31/36</td>
<td>2.60%</td>
<td>1,426,000</td>
</tr>
<tr>
<td>DOE L1300017 Squalicum Crk Re-route Ph I</td>
<td>528,632</td>
<td>7/1/15</td>
<td>12/31/36</td>
<td>2.70%</td>
<td>528,632</td>
</tr>
<tr>
<td>DOE L1400010 Squalicum Crk Re-route Ph II</td>
<td>543,536</td>
<td>7/1/15</td>
<td>12/31/36</td>
<td>2.30%</td>
<td>543,536</td>
</tr>
<tr>
<td>DOE L1400025 Texas/Columbia Storm Mains</td>
<td>98,205</td>
<td>12/31/14</td>
<td>12/31/23</td>
<td>1.10%</td>
<td>98,205</td>
</tr>
<tr>
<td>EDI North End Regional Stormwater Facility</td>
<td>1,675,000</td>
<td>12/18/15</td>
<td>12/18/22</td>
<td>1.00%</td>
<td>1,675,000</td>
</tr>
<tr>
<td><strong>Total business-type activities</strong></td>
<td>6,209,373</td>
<td></td>
<td></td>
<td></td>
<td>4,987,356</td>
</tr>
</tbody>
</table>

**Total governmental loans outstanding** $13,606,880 $10,299,829
Government loan annual debt service requirements to maturity

<table>
<thead>
<tr>
<th>Year ending December 31</th>
<th>Governmental activities</th>
<th>Business-type activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Principal</td>
<td>Interest</td>
</tr>
<tr>
<td>2016</td>
<td>$450,000</td>
<td>$223,116</td>
</tr>
<tr>
<td>2017</td>
<td>499,196</td>
<td>171,974</td>
</tr>
<tr>
<td>2018</td>
<td>518,587</td>
<td>156,043</td>
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<tr>
<td>2019</td>
<td>533,182</td>
<td>139,159</td>
</tr>
<tr>
<td>2020</td>
<td>495,971</td>
<td>121,560</td>
</tr>
<tr>
<td>2021-2025</td>
<td>2,150,537</td>
<td>343,340</td>
</tr>
<tr>
<td>2026-2030</td>
<td>665,000</td>
<td>30,837</td>
</tr>
<tr>
<td>2031-2035</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2036</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$5,312,473</td>
<td>$1,186,029</td>
</tr>
</tbody>
</table>

**Revenue bonds**

The City issues bonds where revenue derived from the acquired or constructed assets are pledged to pay debt service. Revenue bonds are created by ordinance, adopted by the City Council and financed from enterprise fund revenues. The City has the following current revenue bonds outstanding:

**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 proceeds were deposited into the Water and Wastewater funds. These bonds are financed by the utility funds, business-type activities. In 2015, $3,820,000 of these bonds were advance refunded for the maturity years of 2017-2026. The un-refunded portion of these bonds will mature in 2016.

**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 the cost of issuance of the bonds. The proceeds were deposited into the Water fund. The bonds are financed by the utility funds, business-type activities, and will mature in 2018.

**2011 Water and Sewer Revenue bonds** were issued September 27, 2011 in the amount of $42,655,000. These bonds are tax exempt and the proceeds are being used to finance the costs of constructing improvements to the City’s combined water supply and distribution system and sewage collection and disposal system, to fund the debt service reserve account and to pay the cost of issuance of the bonds. The proceeds were deposited into the Wastewater fund. The bonds are financed by the utility funds, business-type activities, and will mature in 2041.

**2012 Water and Sewer Refunding bonds** were issued March 29, 2012 in the amount of $3,275,000. These bonds are tax exempt and the proceeds of this issue were used for an advance refunding of $3,135,000 of the 2004 Water and Sewer Revenue Improvement and Refunding bonds and to pay the bond issuance costs. The proceeds of the 2004 bonds were 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. The proceeds of the 2012 refunding bonds were deposited directly with the refunded debt escrow agent in
accordance with the bond ordinance. The bonds are financed by the utility funds, business-type activities, and will mature in 2024.

2013 Water and Sewer Revenue bonds were issued August 27, 2013 in the amount of $15,785,000. These bonds are tax exempt and the proceeds are being used to finance the costs of constructing improvements to the City’s combined water supply and distribution system and sewage collection and disposal system, to fund the debt service reserve account and to pay the cost of issuance of the bonds. The proceeds were deposited into the Wastewater fund. The bonds are financed by the utility funds, business-type activities, and will mature in 2043.

2015 Water and Sewer Refunding bonds were issued November 10, 2015 in the amount of $4,035,000. These bonds are tax exempt and the proceeds of this issue were used for an advance refunding of $3,820,000 of the 2006 Water and Sewer Revenue Improvement bonds and to pay the bond issuance costs. The proceeds of the 2006 bonds 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 proceeds of the 2015 refunding bonds were deposited directly with the refunded debt escrow agent in accordance with the bond ordinance. The bonds are financed by the utility funds, business-type activities, and will mature in 2026.

### Revenue bonds outstanding December 31, 2015

<table>
<thead>
<tr>
<th>Name of issuance</th>
<th>Original issue amount</th>
<th>Issue date</th>
<th>Maturity date</th>
<th>Interest rates</th>
<th>Debt outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business-type activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006 Water/Sewer revenue</td>
<td>$ 11,330,000</td>
<td>06/15/06</td>
<td>08/01/26</td>
<td>4.00 - 4.50%</td>
<td>$ 900,000</td>
</tr>
<tr>
<td>2008 Water/Sewer revenue</td>
<td>6,040,000</td>
<td>08/21/08</td>
<td>08/01/18</td>
<td>3.00 - 4.25%</td>
<td>2,140,000</td>
</tr>
<tr>
<td>2011 Water/Sewer revenue</td>
<td>42,655,000</td>
<td>09/27/11</td>
<td>08/01/41</td>
<td>2.00 - 5.00%</td>
<td>41,125,000</td>
</tr>
<tr>
<td>2012 Water/Sewer refunding</td>
<td>3,275,000</td>
<td>03/29/12</td>
<td>08/01/24</td>
<td>2.00 - 4.00%</td>
<td>2,940,000</td>
</tr>
<tr>
<td>2013 Water/Sewer revenue</td>
<td>15,785,000</td>
<td>08/27/13</td>
<td>08/01/43</td>
<td>4.25 - 5.00%</td>
<td>15,785,000</td>
</tr>
<tr>
<td>2015 Water/Sewer refunding</td>
<td>4,035,000</td>
<td>11/10/15</td>
<td>08/01/26</td>
<td>2.17%</td>
<td>4,035,000</td>
</tr>
<tr>
<td>Total revenue bonds outstanding</td>
<td>$ 83,120,000</td>
<td></td>
<td></td>
<td></td>
<td>$ 66,925,000</td>
</tr>
</tbody>
</table>

### Revenue bond annual debt service requirements to maturity

<table>
<thead>
<tr>
<th>Year ending December 31</th>
<th>Principal</th>
<th>Interest</th>
<th>Total requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business-type activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>$ 2,220,000</td>
<td>$ 2,986,467</td>
<td>$ 5,206,467</td>
</tr>
<tr>
<td>2017</td>
<td>2,263,000</td>
<td>2,931,718</td>
<td>5,194,718</td>
</tr>
<tr>
<td>2018</td>
<td>2,338,000</td>
<td>2,853,250</td>
<td>5,191,250</td>
</tr>
<tr>
<td>2019</td>
<td>1,368,000</td>
<td>2,767,464</td>
<td>4,135,464</td>
</tr>
<tr>
<td>2020</td>
<td>1,417,000</td>
<td>2,720,420</td>
<td>4,137,420</td>
</tr>
<tr>
<td>2021-2025</td>
<td>7,887,000</td>
<td>12,808,033</td>
<td>20,695,033</td>
</tr>
<tr>
<td>2026-2030</td>
<td>9,822,000</td>
<td>11,027,208</td>
<td>20,849,208</td>
</tr>
<tr>
<td>2031-2035</td>
<td>12,405,000</td>
<td>8,451,733</td>
<td>20,856,733</td>
</tr>
<tr>
<td>2036-2040</td>
<td>15,785,000</td>
<td>5,079,950</td>
<td>20,864,950</td>
</tr>
<tr>
<td>2041</td>
<td>11,420,000</td>
<td>1,100,968</td>
<td>12,520,968</td>
</tr>
<tr>
<td>Total</td>
<td>$ 66,925,000</td>
<td>$ 52,727,211</td>
<td>$ 119,652,211</td>
</tr>
</tbody>
</table>
To service revenue debt, $5,230,818 is available in the reserve accounts of the Water and Wastewater enterprise funds as of December 31, 2015 in compliance with applicable bond covenants.

Water and Sewer revenue bond covenants require that revenue available for debt service (defined as operating and nonoperating revenues less expenses requiring payment to outside entities) exceed the annual debt payment of both principal and interest by a ratio of 1.25 times the maximum annual debt service (see statistical section). The City complies with bond covenants, with a current ratio coverage of 4.55%. There are numerous limitations and restrictions contained in the various bond indentures. The City is in compliance with all debt covenants.

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

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

The following table is a summary of the changes in long-term liabilities for the year ending December 31, 2015. The portion of the long-term debt due within one year is noted in the table on the far right and is broken out on the Statement of Net Position from the rest of the long-term debt balance. The City of Bellingham did not enter into any short-term debt activity during the year nor does it have any short-term debt outstanding at year-end.

**Defeased Debt**

On November 10, 2015, the City issued $4,035,000 in 2015 Water and Sewer Refunding bonds with an interest rate of 2.17%. The City issued the bonds to advance refund $3,820,000 of the outstanding 2006 Water & Sewer Revenue bonds with interest rates ranging between 4.0% - 4.5%, maturity years of 2017-2026. The proceeds of these bonds were deposited directly with the refunded debt escrow agent and used to purchase securities that were placed in an irrevocable trust to provide for all future debt service payments on the refunded portion of the bonds until the bonds are called. As a result, that portion of the debt is considered defeased and therefore the City has removed the liability from its accounts. The outstanding principal of the defeased bonds is $3,820,000 at December 31, 2015. The advanced refunding bond reduced total debt service payment over the next 10 years by $369,485. This results in an economic gain (difference between the present values of the debt service payments on the old and the new debt) of $329,453.
### Summary of changes in long-term liabilities for the year ending December 31, 2015

<table>
<thead>
<tr>
<th>Debt type</th>
<th>Beginning balance</th>
<th>Additions</th>
<th>Reductions</th>
<th>Ending balance</th>
<th>Due in ≤ 1 year</th>
<th>Due in &gt; 1 year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds payable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General obligation bonds</td>
<td>$12,840,000</td>
<td>-</td>
<td>$(1,110,000)</td>
<td>$11,730,000</td>
<td>$1,190,000</td>
<td>$10,540,000</td>
</tr>
<tr>
<td>Premium</td>
<td>872,874</td>
<td>-</td>
<td>$(62,348)</td>
<td>810,526</td>
<td>-</td>
<td>810,526</td>
</tr>
<tr>
<td>Taxable energy conservation bonds</td>
<td>6,100,000</td>
<td>-</td>
<td>-</td>
<td>6,100,000</td>
<td>-</td>
<td>6,100,000</td>
</tr>
<tr>
<td>Total bonds payable</td>
<td>19,812,874</td>
<td>-</td>
<td>$(1,172,348)</td>
<td>18,640,526</td>
<td>1,190,000</td>
<td>17,450,526</td>
</tr>
<tr>
<td>Government loans</td>
<td>2,383,462</td>
<td>3,205,000</td>
<td>$(275,898)</td>
<td>5,312,473</td>
<td>450,000</td>
<td>4,862,473</td>
</tr>
<tr>
<td>Premium</td>
<td>142,829</td>
<td>330,418</td>
<td>$(26,322)</td>
<td>446,925</td>
<td>-</td>
<td>446,925</td>
</tr>
<tr>
<td>Total government loans</td>
<td>2,526,291</td>
<td>3,535,418</td>
<td>$(302,311)</td>
<td>5,759,398</td>
<td>450,000</td>
<td>5,309,398</td>
</tr>
<tr>
<td>Notes payable</td>
<td>109,790</td>
<td>-</td>
<td>$(10,614)</td>
<td>99,176</td>
<td>11,381</td>
<td>87,795</td>
</tr>
<tr>
<td>Claims and litigation</td>
<td>969,505</td>
<td>1,101,370</td>
<td>$(539,757)</td>
<td>1,531,118</td>
<td>780,000</td>
<td>751,118</td>
</tr>
<tr>
<td>Pollution remediation obligation</td>
<td>12,916,225</td>
<td>11,833,683</td>
<td>$(601,677)</td>
<td>24,148,231</td>
<td>-</td>
<td>24,148,231</td>
</tr>
<tr>
<td>OPEB obligation - long-term care</td>
<td>907,947</td>
<td>2,069,616</td>
<td>$(610,724)</td>
<td>366,839</td>
<td>-</td>
<td>366,839</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>22,605,471</td>
<td>2,353,418</td>
<td>$(302,311)</td>
<td>5,759,398</td>
<td>450,000</td>
<td>5,309,398</td>
</tr>
<tr>
<td>Component unit debt contingency</td>
<td>2,128,001</td>
<td>144,778</td>
<td>-</td>
<td>2,272,779</td>
<td>-</td>
<td>2,272,779</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>4,929,195</td>
<td>769,989</td>
<td>$(264,947)</td>
<td>5,434,237</td>
<td>4,820,853</td>
<td>1,013,384</td>
</tr>
<tr>
<td><strong>Total governmental activities</strong></td>
<td>$66,905,299</td>
<td>$21,810,552</td>
<td>$(9,724,556)</td>
<td>$78,991,295</td>
<td>$6,852,234</td>
<td>$72,139,061</td>
</tr>
<tr>
<td><strong>Business-type activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds payable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue bonds</td>
<td>$68,780,000</td>
<td>4,035,000</td>
<td>$(5,890,000)</td>
<td>66,925,000</td>
<td>2,220,000</td>
<td>64,705,000</td>
</tr>
<tr>
<td>Premium</td>
<td>3,602,471</td>
<td>-</td>
<td>$(180,699)</td>
<td>3,421,772</td>
<td>-</td>
<td>3,421,772</td>
</tr>
<tr>
<td>Total revenue bonds</td>
<td>72,382,471</td>
<td>4,035,000</td>
<td>$(6,070,699)</td>
<td>70,346,772</td>
<td>2,220,000</td>
<td>68,126,772</td>
</tr>
<tr>
<td>General obligation bonds</td>
<td>5,855,000</td>
<td>-</td>
<td>$(460,000)</td>
<td>5,395,000</td>
<td>480,000</td>
<td>4,915,000</td>
</tr>
<tr>
<td>Premium</td>
<td>326,933</td>
<td>-</td>
<td>$(29,721)</td>
<td>297,212</td>
<td>-</td>
<td>297,212</td>
</tr>
<tr>
<td>Discount</td>
<td>$(26,327)</td>
<td>-</td>
<td>$(2,393)</td>
<td>$(23,934)</td>
<td>-</td>
<td>$(23,934)</td>
</tr>
<tr>
<td>Total general obligation bonds</td>
<td>6,155,606</td>
<td>-</td>
<td>$(487,328)</td>
<td>5,668,278</td>
<td>480,000</td>
<td>5,188,278</td>
</tr>
<tr>
<td><strong>Total bonds payable</strong></td>
<td>$78,538,077</td>
<td>4,035,000</td>
<td>$(6,558,027)</td>
<td>76,015,050</td>
<td>2,220,000</td>
<td>73,315,050</td>
</tr>
<tr>
<td>Government loans</td>
<td>861,849</td>
<td>4,227,790</td>
<td>$(102,283)</td>
<td>4,987,356</td>
<td>334,845</td>
<td>4,652,871</td>
</tr>
<tr>
<td>Notes payable</td>
<td>2,700,000</td>
<td>-</td>
<td>$(2,700,000)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pollution remediation obligation</td>
<td>9,979,861</td>
<td>3,919,345</td>
<td>$(1,052,101)</td>
<td>12,847,105</td>
<td>1,204,760</td>
<td>11,642,345</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>7,017,982</td>
<td>731,338</td>
<td>$(1,310,796)</td>
<td>6,438,524</td>
<td>-</td>
<td>6,438,524</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>751,008</td>
<td>81,633</td>
<td>$(15,233)</td>
<td>817,408</td>
<td>753,081</td>
<td>64,327</td>
</tr>
<tr>
<td><strong>Total business-type activities</strong></td>
<td>$99,848,777</td>
<td>$12,995,106</td>
<td>$(11,738,440)</td>
<td>$101,105,443</td>
<td>$4,992,326</td>
<td>$96,113,117</td>
</tr>
</tbody>
</table>

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 $119,681 and short-term liabilities of $507,095 for internal service fund compensated absences are included in the above amounts. For the governmental activities, compensated absences are generally liquidated by the General fund.

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

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

**Discretely presented component units**

*Bellingham-Whatcom Public Facilities District*

The PFD issued a limited sales tax obligation bond in the amount of $9,995,000 on December 20, 2007. The issue funded a portion of the cost of constructing the Whatcom Art and Children’s Museum, a portion of the cost of phase II renovations to the Mount Baker Theatre as part of the regional center owned and operated by the PFD, and issue costs of the bonds. These bonds are financed by state sales tax rebate revenue and will mature in 2027. The City made a contingent loan commitment for these bonds per contract 2007-0552. Subsequent to year-end these bonds were refunded by the City of Bellingham and reissued as LTGO debt of the City Bellingham with a new interlocal bond agreement between the City and the PFD establishing the new repayment terms. See the subsequent event footnote for further information.

### Limited sales tax obligation bonds outstanding December 31, 2015

<table>
<thead>
<tr>
<th>Name of issuance</th>
<th>Original issue amount</th>
<th>Issue date</th>
<th>Maturity date</th>
<th>Interest rates</th>
<th>Debt outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007 Limited sales tax obligation</td>
<td>$9,995,000</td>
<td>12/20/07</td>
<td>12/01/27</td>
<td>4.00 - 4.20%</td>
<td>$9,995,000</td>
</tr>
<tr>
<td>Total bonds outstanding</td>
<td>$9,995,000</td>
<td></td>
<td></td>
<td></td>
<td>$9,995,000</td>
</tr>
</tbody>
</table>

### Limited sales tax annual debt service requirements to maturity

<table>
<thead>
<tr>
<th>Year ending December 31</th>
<th>Discretely presented component unit</th>
<th>Total requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Principal</td>
<td>Interest</td>
</tr>
<tr>
<td>2016</td>
<td>$</td>
<td>$409,173</td>
</tr>
<tr>
<td>2017</td>
<td>$</td>
<td>$409,173</td>
</tr>
<tr>
<td>2018</td>
<td>$210,000</td>
<td>$409,172</td>
</tr>
<tr>
<td>2019</td>
<td>$650,000</td>
<td>$400,772</td>
</tr>
<tr>
<td>2020</td>
<td>$725,000</td>
<td>$374,773</td>
</tr>
<tr>
<td>2021-2025</td>
<td>$5,020,000</td>
<td>$1,363,417</td>
</tr>
<tr>
<td>2026-2027</td>
<td>$3,390,000</td>
<td>$228,235</td>
</tr>
<tr>
<td>Total</td>
<td>$9,995,000</td>
<td>$3,594,715</td>
</tr>
</tbody>
</table>

The PFD entered into an agreement with the City of Bellingham to borrow funds from the City’s 2004 LTGO PFD/Civic/Aquatic refunding bond. Of the total $16,375,000 bond issue, $9,370,000 was for the PFD to fund the construction of the Whatcom Museum. The PFD pays the debt service costs on its portion of the bond. The PFD portion of the bond matures in 2026. The City made a contingent loan
commitment for these bonds per contract 2007-0552. The contingent loan commitment established in contract 2007-0552 was superseded with a new interlocal financing agreement between the City and the PFD in 2016. See the subsequent event footnote for more information.

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

### Intergovernmental loan outstanding December 31, 2015

<table>
<thead>
<tr>
<th>Name of issuance</th>
<th>Original loan amount</th>
<th>Issue date</th>
<th>Maturity date</th>
<th>Interest rates</th>
<th>Debt outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004 City of Bellingham loan</td>
<td>$9,370,000</td>
<td>11/9/04</td>
<td>12/1/26</td>
<td>2.00 - 4.00%</td>
<td>$6,711,415</td>
</tr>
<tr>
<td>2008 City of Bellingham loan</td>
<td>$2,800,000</td>
<td>12/31/08</td>
<td>12/31/27</td>
<td>3.25%</td>
<td>$1,590,131</td>
</tr>
<tr>
<td>Total bonds outstanding</td>
<td>$12,170,000</td>
<td></td>
<td></td>
<td></td>
<td>$8,301,546</td>
</tr>
</tbody>
</table>

### Intergovernmental loan annual debt service requirements to maturity

<table>
<thead>
<tr>
<th>Year ending December 31</th>
<th>Discretely presented component unit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Principal</td>
</tr>
<tr>
<td>2016</td>
<td>$490,228</td>
</tr>
<tr>
<td>2017</td>
<td>$532,350</td>
</tr>
<tr>
<td>2018</td>
<td>$574,593</td>
</tr>
<tr>
<td>2019</td>
<td>$621,769</td>
</tr>
<tr>
<td>2020</td>
<td>$673,885</td>
</tr>
<tr>
<td>2021-2025</td>
<td>$4,208,868</td>
</tr>
<tr>
<td>2026</td>
<td>$1,199,853</td>
</tr>
<tr>
<td>Total</td>
<td>$8,301,546</td>
</tr>
</tbody>
</table>

### Summary of changes in long-term liabilities for the year ending December 31, 2015

<table>
<thead>
<tr>
<th>Debt type</th>
<th>Beginning balance</th>
<th>Additions</th>
<th>Reductions</th>
<th>Ending balance</th>
<th>Due in ≤ 1 year</th>
<th>Due in &gt; 1 year</th>
</tr>
</thead>
<tbody>
<tr>
<td>General obligation bonds for issuance discounts</td>
<td>$9,995,000</td>
<td>-</td>
<td>-</td>
<td>$9,995,000</td>
<td>-</td>
<td>$9,995,000</td>
</tr>
<tr>
<td>Total bonds payable</td>
<td>9,968,361</td>
<td>-</td>
<td>2,049</td>
<td>9,970,410</td>
<td>-</td>
<td>9,970,410</td>
</tr>
<tr>
<td>Notes payable</td>
<td>8,749,768</td>
<td>-</td>
<td>(448,222)</td>
<td>8,301,546</td>
<td>490,228</td>
<td>7,811,318</td>
</tr>
<tr>
<td>Total long-term liabilities</td>
<td>$18,718,129</td>
<td>-</td>
<td>(448,173)</td>
<td>$18,271,956</td>
<td>$490,228</td>
<td>$17,781,728</td>
</tr>
</tbody>
</table>

### IV-J Restricted component of net position

The government-wide statement of net position reports $101,318,800 of restricted component of net position, of which $43,266,190 is restricted by enabling legislation.
NOTE V. OTHER DISCLOSURES

V-A Risk management

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

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

The Claims, Litigation and Property Loss fund is the source for payment of third party claims and judgments, excess liability insurance premiums, and property insurance premiums. Currently the City maintains commercial property insurance for fire and other hazards on City properties having an estimated total replacement value of $217 million in 2015, and $218 million in 2016. During the current and preceding two years, no City property losses exceeded the City’s insurance coverage.

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

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

The Unemployment Compensation fund is the source for collecting contributions and making payments to reimburse the State of Washington Employment Security Department, on a quarterly basis, for unemployment compensation claims paid to former employees. State statutes mandate that most other employers pay a tax on employed compensation to support the unemployment insurance system. The City budgets contribution rates to each department based upon past experience and expected future claims.

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

*The Health Benefits fund* is the source for collecting contributions and paying premiums for employee medical, dental, and vision insurance. Both the City and employee contribute to the cost of medical insurance premiums. The City alone contributes towards dental and vision insurance for full time employees. City departments are charged composite rates to cover the cost of insurance premiums for each employee. Insurance for employees is purchased through employee unions and the Association of Washington City’s Employee Benefit Trust.

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

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

As of December 31, 2015, 261 cities/towns/non-city entities participate in the AWC Trust HCP.

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

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. The AWC Trust HCP purchases stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of $1.5 million through Life Map, and Group Health ISL at $750,000 through Sun Life. The aggregate policy is for 200% of expected medical claims.

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

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the
AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW.

The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the Trust HCP are maintained in accordance with methods prescribed by the State Auditor’s office under the authority of Chapter 43.09 RCW. The Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board (“GASB”). Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor’s office.

### Changes in estimated claims liabilities

<table>
<thead>
<tr>
<th></th>
<th>Claims and Litigation</th>
<th>Unemployment Comp</th>
<th>Workers' Comp</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2015</td>
<td>2014</td>
<td>2015</td>
</tr>
<tr>
<td>Beginning liability</td>
<td>$1,584,783</td>
<td>$379,504</td>
<td>$160,000</td>
</tr>
<tr>
<td>Claims incurred</td>
<td>(1,089,752)</td>
<td>562,102</td>
<td>94,900</td>
</tr>
<tr>
<td>Claims paid</td>
<td>(115,527)</td>
<td>(120,489)</td>
<td>(94,900)</td>
</tr>
<tr>
<td>Ending liability</td>
<td>$379,504</td>
<td>$821,117</td>
<td>$160,000</td>
</tr>
</tbody>
</table>

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

### V-BContingencies

**Cleanup contingencies** - The City of Bellingham (the City) has been named as a Potentially Liable Party (PLP) (as that term is defined in the Model Toxics Control Act) by the Washington State Department of Ecology (DOE) with respect to several cleanup sites. Cleanup at these sites is in a variety of stages, from 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, 50% matching funds from DOE for the cleanups. At several of the sites, the City is not the only PLP and is in negotiation with the other PLPs as to each party’s responsibility to fund the remedial actions. The City has issued two general obligation bonds for the City’s share of remediation costs to be repaid primarily by net revenues from the Solid Waste fund. These revenues are generated principally by tax revenues paid by the City’s solid waste contractor. The Solid Waste fund’s projected cash flow indicates sufficient net revenue to repay the existing estimated principal and interest costs over a twenty-year period.

**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 current plan 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 essential new roads, utilities, parks and trails. The specific elements of the public infrastructure to be provided by the City is 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 the 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.

**Bellingham-Whatcom Public Facilities District (PFD) contingent loan agreement** – Under the terms of the 2007-0552 contract between the City and the PFD the City guaranteed the 20 year, $9,995,000 December 2007 limited sales tax obligation bonds of the PFD, a legally separate discrete component unit of the City, as well as the PFD’s $9,370,000 portion of the 2004 LTGO PFD/Civic/Aquatic refunding bond. Specifically the contract states: "in the event that the District is unable to timely provide for the payment of principal of or interest on any of its Bonds, the City shall lend the District the amount necessary to make such timely payments". This non-exchange financial guarantee extends through the life of both notes which as of December 31, 2015, were set to mature on December 1, 2027, and December 1, 2026, respectively. The total remaining amount of all guarantees extended to the PFD that were outstanding as of December 31, 2015, was $16,706,415. If the City makes the bond payments on behalf of the PFD, due to the PFD’s inability to pay the bond obligations when due, the PFD will be required to repay the City for the amount expended on their behalf along with interest set at the rate of the then-current yield of the City's pooled investments.

Due to the recession and the corresponding decrease in sales tax revenue, the City anticipates that beginning in 2020, revenues and existing unrestricted cash balances will be insufficient to cover all of the PFD debt service requirements. GASB Statement No. 70 requires governments that guarantee the indebtedness of others to recognize a liability related to the guarantee when qualitative factors and historical data indicate that it is more likely than not that a government will be required to make a payment related to the non-exchange financial guarantees it extended for liabilities of other entities. The PFD’s ability to make its bond and loan repayments was originally predicated on sales tax revenues increasing year over year at a steady 4.5% increase from 2004 to 2027. Given the effects of the recession beginning in 2008, the PFD has substantially less cash and reserves than the original projections. Staff has been monitoring sales tax growth and legislative changes and as a proactive step to combat the anticipated PFD cash shortfall the City began the process of refunding the PFD 2007 bonds at year end. In order to garner the maximum amount of savings from the low interest rates available the City sought to refund the 2007 PFD bonds as bank-qualified LTGO bonds of the City. As of December 31, 2015, the 2007 bonds remained in the PFD's name and the contingency between the City and the PFD remained in place; but on April 20, 2016, the City refunded the 2007 PFD bonds as LTGO bonds of the City. See the subsequent event footnote for more information.

However, based on the balance in the PFD reserves, the debt repayment schedule, and cash flow projections as of December 31, 2015, the City recorded an additional $144,778 liability in the statement of net position for the current year change in the PFD debt contingency estimate. Of this total, $13,363 was the estimated present value of the PFD bond shortfall for the 2007 bonds and the other $131,415 was the estimated present value of the PFD bond shortfall on the 2004 bonds that are due to the City. The amount of the liability recognized is the best estimate of the discounted present value of the future outflows expected to be incurred as a result of the guarantee as of December 31, 2015. The City has not had to make any actual payments on this guarantee. In April 2016 the contingency between the City and the PFD was absolved. Contract 2007-0552 that established the contingent debt liability of the City was superseded by Interlocal agreement 2016-0268. Contract 2016-0268 establishes the new repayment terms between the City and the PFD for all PFD related debt.
Grant contingencies - The City participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. There are no known or estimated liabilities as the result of these audits as of year-end.

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, 2015, the outstanding balance of these loans is $3,738, and the resultant contingent liability is $3,365.

V-C Pollution remediation obligations

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

As remedial investigation and feasibility study (RI/FS) reports are completed and become available and/or when the City receives updated cost-forecast estimates from the Anchor QEA consulting for the Port-City shared Central Waterfront and Cornwall sites, the estimated pollution remediation obligation balances are updated to reflect the revised estimates.

A RI/FS was prepared and issued for the Cornwall Ave Landfill Site in December 2013. The consent decree for the Cornwall Ave Landfill Site was signed in December 2014 which selected the preferred alternative for cleanup. Anchor QEA consulting, the consultants who assist the Port of Bellingham and the City in tracking remediation costs and preparing cost-forecasts subject to the Port-City interlocal for the Cornwall Ave Landfill site and the Central Waterfront site, provided the City with a revised report of the estimated cost-forecasts as of December 31, 2015. The Cornwall Ave Landfill site estimated costs have gone up since the issuance of the RI/FS in 2013 after taking into account an escalation rate inflator of 3.4% per year and adding an additional 25% of project contingency costs which were consistent with Landau Associates recommendations contained in the December 2013 RI/FS. The estimated pollution remediation obligation for the Cornwall site was updated at year end based on a report prepared by Anchor QEA consulting.

A draft RI/FS was prepared and issued for RG Haley on August 31, 2015. The estimated pollution remediation obligation for the RG Haley site was updated based on the estimated remaining cleanup costs published in this RI/FS.

A RI/FS was published in September 2015 for the Eldridge Municipal Landfill site. The pollution remediation liability estimate for Eldridge was updated to reflect the preferred alternative cost estimate in the RIFS report.
Lastly, the Central Waterfront pollution remediation obligation was increased to match the cost estimates and forecasts prepared by Anchor QEA consulting as of December 31, 2015. Although an RI/FS has not been published for Central Waterfront and a preferred alternative has not yet been selected, the revised cost estimates by Anchor QEA consulting are considered reasonable as a basis for recording the change in the liability. Although it has been management’s position in the past to wait to update the estimate of a pollution remediation liability until one of the specific benchmarks listed in GASB 49 paragraph 13 occurs, the City also acknowledges that the issuance of the RI/FS for Central Waterfront has taken several years, and accordingly, to avoid "delaying recognition beyond the point at which a reasonable estimate of the range of a component of a liability can be made" the City elected to use the revised cost-estimates and forecasts prepared by Anchor QEA for the Central Waterfront site.

The RI/FS reports are still in process for the South State Street Manufactured Gas Plant (SSMGP) and the Central Waterfront site where the City of Bellingham has been named as a PLP. Costs will be updated as clean-up actions are finalized for each site or other reasonable estimates can be derived and supported. The pollution remediation obligation is an estimate subject to changes resulting from price increases or reductions, technology, and changes in applicable laws and regulations.

### Estimated pollution remediation obligations

<table>
<thead>
<tr>
<th>Site</th>
<th>Governmental activities</th>
<th>Business-type activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>S. State St Man. Gas Plant (f.k.a Boulevard Park)</td>
<td>$8,428,231</td>
<td>$</td>
</tr>
<tr>
<td>Cornwall Ave Landfill Site</td>
<td></td>
<td>6,877,553</td>
</tr>
<tr>
<td>RG Haley Site</td>
<td>15,720,000</td>
<td></td>
</tr>
<tr>
<td>Eldridge Municipal Landfill</td>
<td></td>
<td>205,012</td>
</tr>
<tr>
<td>Central Waterfront</td>
<td></td>
<td>5,764,539</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$24,148,231</strong></td>
<td><strong>$12,847,105</strong></td>
</tr>
</tbody>
</table>

### Estimated pollution remediation prepaid assets

<table>
<thead>
<tr>
<th>Site</th>
<th>Business-type activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cornwall Ave Landfill Site</td>
<td>$473,718</td>
</tr>
<tr>
<td>Central Waterfront</td>
<td>$628,145</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,101,863</strong></td>
</tr>
</tbody>
</table>

**South State Street Manufactured Gas Plant site (formerly known as: Boulevard Park)** – Remediation is required to cleanup contamination from the use of this site for the manufacturing of gas from coal. The current estimated cost of remediation is $8.4 million. The City is negotiating for financial contributions from other potentially liable parties. An RI/FS work plan was issued in August 2010 but a completed RI/FS is still pending.

**Cornwall Ave Landfill site** - Remediation is required to cleanup contamination from the use of this site as a landfill for solid waste. In 2005, the City and the Port of Bellingham ('the Port') entered into an agreement to cleanup this site with an original cost estimate of $3 million plus Ecology oversight costs. The City prefunded its share of that original estimate by paying the Port $1.44 million upfront.
An RI/FS was released in December 2013 and placed the new estimate for groundwater and sediment cleanup at $9.1 million. Additionally, the City and Port expect additional Ecology oversight costs on top of the estimate in the RI/FS. Of the $1.44 million prepaid, $966 thousand has been exhausted leaving a residual prepaid asset of $474 thousand. The City's current estimated remaining remediation liability is $6.88 million based on the cost sharing agreement between the City and the Port. The net balance of the City's prepaid pollution remediation asset and the City's pollution remediation obligation related to the Cornwall Ave Landfill site is $6.40 million.

**RG Haley site** - Remediation is required to cleanup contamination from the use of this site as a wood treatment facility and from cross contamination from garbage landfill activities on the adjacent property, which is part of the Cornwall Avenue Landfill Site.

A draft RI/FS was prepared and issued for RG Haley on August 31, 2015. The estimated pollution remediation obligation for the RG Haley site was updated based on the estimated remaining cleanup costs published in the RI/FS. The RI/FS was finalized and published on February 1, 2016 with the same estimated remaining clean-up liability of $15,720,000 that was noted in the draft RI/FS.

**Eldridge Avenue Municipal Landfill** – Remediation is required to cleanup contamination from the use of this site as a landfill for garbage. An RI/FS was published in September 2015 estimating the remaining clean-up, monitoring and testing costs as $237,000 over the next 30 years. The bulk of these costs will be incurred in the next five years and as of December 31, 2015, the remaining estimated cost was $205 thousand.

**Central Waterfront** – Remediation is required to cleanup contamination from the use of this area as a landfill for solid waste. In 2005, the City and the Port of Bellingham entered into an agreement to cleanup this site for an estimated $6.8 million. The City pre-paid the Port of Bellingham $2.26 million in 2005 to be applied against the future remediation expenses. Of the $2.26 million prepaid, $1.63 million has been exhausted leaving a residual prepaid asset of $628 thousand. Updating the liability based on Anchor QEA’s most recent cost forecasts and estimates the City’s estimated remediation liability at year end is $5.76 million. The net of the prepaid pollution remediation asset and the pollution remediation obligation related to the Central Waterfront site is $5.14 million.

**V-D Interlocal agreements**

**Whatcom Medic One**

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

**What-Comm/Prospect Communications Center**

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

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

The City operates and manages the communications centers under advisement of an administrative board composed of eight voting members and one nonvoting member. The Administrative board has the authority to establish broad policy guidelines and establishes the annual financial contributions to be made by the member jurisdictions. In 2015, the City contributed $1,183,345 to the Public Safety Dispatch fund as its share of operations, approximately 23% of total revenues.

**Waterfront redevelopment**

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

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

The City of Bellingham, Whatcom County, and the Lake Whatcom Water and Sewer District (LWWSD) came together in 1998 to formalize, by interlocal agreement, the Lake Whatcom Management Program. The goal of the program is to improve lake water quality by jointly implementing programs affecting the Lake Whatcom Watershed. In 2010 the LWMP 2010-2014 work plan was adopted which included several capital projects all three entities committed to completing. In this timeframe the Aquatic Invasive Species (AIS) Prevention Program was also launched as a joint program funded by LWWS, Whatcom County, the City, and program fees. The City contributed $97,062 towards the AIS program in 2015, LWWSD contributed $46,027, and the County contributed $87,451. Additionally, in 2014 the City completed the stormwater retrofit project at Bloedel Donovan which was under the management of the LWMP. The City, County, and LWWSD have all agreed through the interlocal agreement to commit funds towards land preservation, stormwater management, land use, education and engagement, monitoring and data, hazardous materials mitigation, recreation, AIS, utilities and transportation, and administration. The 2015-2019 work plan cost estimates for the LWMP include contributions totaling $45.7 million between the City, County, and LWWSD over the next five years.

**Lake Whatcom Water and Sewer District**

The Lake Whatcom Water and Sewer District (LWWSD) is a distinct municipal entity with its own assets, liabilities, and governing board. The LWWSD is a not a component unit of the City.

The Lake Whatcom Water and Sewer District (LWWSD) entered into Interlocal Agreement 2014-0136 which is effective from January 1, 2014, through December 31, 2034. RCW 39.34 allows governmental entities to enter into Interlocal Agreements to perform services for one another on the basis of mutual advantage and the Bellingham Municipal Code 15.36 authorizes the City to provide sewer services outside its corporate limits subject to certain conditions. Interlocal agreement 2014-0136 established the terms and conditions upon which the City will accept, convey, treat, and dispose of the District's sewage for a fee. The District agreed to pay its proportionate share of the City's sewer system costs, including operation and maintenance (O&M) and capital improvements. The District's proportionate share of the City's sewer system costs consist of volumetric charges of their use of the City's sewerage
system and capital contribution charges as specified in section 6 of the agreement. In 2015 the LWWSD paid the City $193,639 in capital contribution charges.

**Fire District #8**

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

Whatcom County Fire Protection District No. 8 and the City of Bellingham entered into Interlocal agreement 2013-0030 for the provision of administrative services. District 8 and the City agreed that a long-term agreement between the two entities for fire and emergency medical services is beneficial to both agencies and their stakeholders and accordingly the City agreed to provide the following services to District 8 for a fee: (a) Fire Chief level oversight, (b) operational management for District 8, and (c) financial management. This agreement is effective from February 1, 2013, and shall continue in effect until December 31, 2017, unless terminated earlier by the provisions in the agreement. In 2015, the City billed the District $203,639 for providing these services.

**Whatcom County Rural Library District**

Whatcom County Rural Library District a distinct municipal entity with its own assets, liabilities, and governing board. Whatcom Rural Library District is a not a component unit of the City.

Per Interlocal agreement 2013-0614 the City Library and the County Library provide unrestricted access to library services and circulation materials for all residents of the service areas of both libraries. However, since County residents use the City Library to a greater degree than the County Library is used by City residents, the County Library agreed to reimburse the City Library $154,539 in 2015.

**V-E Related-party transactions**

*Port of Bellingham Pollution Remediation Costs*

The Port of Bellingham is a distinct municipal entity with its own assets, liabilities, and governing board. The Port of Bellingham is a not a component unit of the City.

Although distinct entities, the Port and the City are both listed as potentially liable parties (PLP’s) by the Department of Ecology in regards to the pollution remediation requirements for the Cornwall Ave Landfill Site and the Central Waterfront site. As two named governmental entities the City and the Port are working jointly with Ecology to address the remediation concerns. In 2005 the City prepaid the Port $1.44 million and $2.26 million towards the clean-up of Cornwall Ave and the Central Waterfront, respectively, and as of December 31, 2015, the City has $473,718 and $628,145 of these two prepayments remaining, respectively.

*Park Districts Loan*

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

The specific terms and conditions of the loan repayment are included in Interlocal agreement #2013-0624 which was signed at the end of 2013. In this agreement the Park District agreed to begin making payments to the City to pay off the loan of $3,232,022, accrued interest on the loan through June 30,
2014, of $100,335, and future interest on the loan after June 30, 2014. The District has levied a $0.28 cent per thousand dollars of assessed valuation to repay the Greenways Endowment fund for this land purchase. The Park District made a principal payment of $13,255 in 2014 and $246,986 in 2015. As of December 31, 2015, the loan balance is $2,971,781.

As of the date of the financial statements there is an unresolved lawsuit which questions the legality of the formation of the Park District, which correspondingly, calls into the question whether or not this loan agreement and conservation easement will be valid.
V-F    Pension plans

Aggregate pension amounts for all plans as of 12/31/2015

<table>
<thead>
<tr>
<th>Pension liabilities</th>
<th>$27,177,515</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension assets</td>
<td>15,135,879</td>
</tr>
<tr>
<td>Deferred outflows of resources</td>
<td>4,654,447</td>
</tr>
<tr>
<td>Deferred inflows of resources</td>
<td>7,468,731</td>
</tr>
<tr>
<td>Pension expense/expenditures</td>
<td>710,265</td>
</tr>
</tbody>
</table>

State Sponsored Pension Plans

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

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

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

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

Public Employees’ Retirement System (PERS)

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

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

**Contributions.** The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

<table>
<thead>
<tr>
<th>PERS Plan 1</th>
<th>Employer</th>
<th>Employee*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Contribution Rates:</td>
<td>Employer</td>
<td>Employee*</td>
</tr>
<tr>
<td>January through June 2015</td>
<td>9.21%</td>
<td>6.00%</td>
</tr>
<tr>
<td>July through December 2015</td>
<td>11.18%</td>
<td>6.00%</td>
</tr>
</tbody>
</table>

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

The City's actual contributions to the plan were $1,423,648 for the year ended December 31, 2015.

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

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

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

**PERS Plan 3** defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.
Contributions

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

<table>
<thead>
<tr>
<th>PERS Plan 2/3</th>
<th>Actual Contribution Rates:</th>
<th>Employer 2/3</th>
<th>Employee 2*</th>
</tr>
</thead>
<tbody>
<tr>
<td>January through June 2015</td>
<td>9.21%</td>
<td>4.92%</td>
<td></td>
</tr>
<tr>
<td>July through December 2015</td>
<td>11.18%</td>
<td>6.12%</td>
<td></td>
</tr>
<tr>
<td>Employee PERS Plan 3</td>
<td>varies</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* For employees participating in JBM, the contribution rate was 15.30%

The City's actual contributions to the plan were $1,735,258 for the year ended December 31, 2015.

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

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

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

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

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

Contributions

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2015. Employers paid only the administrative expense of 0.18 percent of covered payroll.

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

Contributions

The LEOFF Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

<table>
<thead>
<tr>
<th>LEOFF Plan 2 Actual Contribution Rates:</th>
<th>Employer</th>
<th>Employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>State and local governments</td>
<td>5.23%</td>
<td>8.41%</td>
</tr>
<tr>
<td>Ports and Universities</td>
<td>8.59%</td>
<td>8.41%</td>
</tr>
</tbody>
</table>

The City's actual contributions to the plan were $1,217,038 for the year ended December 31, 2015.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2015, the state contributed $58,339,032 to LEOFF Plan 2.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary’s (OSA) 2007-2012 Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2015. Plan liabilities were rolled forward from June 30, 2014, to June 30, 2015, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3% total economic inflation; 3.75% salary inflation
- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%
Mortality rates were based on the RP-2000 report’s Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

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

- The OSA updated demographic assumptions, consistent with the changes from the 2007-2012 Experience Study Report, used when valuing the PERS 1 and TERS 1 Basic Minimum COLA.
- The OSA corrected how valuation software calculates a member’s entry age under the entry age normal actuarial cost method. Previously, the funding age was rounded, resulting in an entry age one year higher in some cases.
- For purposes of calculating the Plan 2/3 Entry Age Normal Cost contribution rates, the OSA now uses the current blend of Plan 2 and Plan 3 salaries rather than using a long-term membership assumption of two-thirds Plan 2 members and one-third Plan 3 members.
- The OSA changed the way it applies salary limits, as described in the 2007-2012 Experience Study Report.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5 percent.

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB’s capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2015, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB’s most recent long-term estimate of broad economic inflation.
<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target Allocation</th>
<th>% Long-Term Expected Real Rate of Return Arithmetic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Income</td>
<td>20%</td>
<td>1.70%</td>
</tr>
<tr>
<td>Tangible Assets</td>
<td>5%</td>
<td>4.40%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>15%</td>
<td>5.80%</td>
</tr>
<tr>
<td>Global Equity</td>
<td>37%</td>
<td>6.60%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>23%</td>
<td>9.60%</td>
</tr>
<tr>
<td></td>
<td><strong>100%</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Sensitivity of NPL**

The table below presents the City's proportionate share* of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

<table>
<thead>
<tr>
<th>Plan</th>
<th>1% Decrease 6.50%</th>
<th>Current Rate 7.50%</th>
<th>1% Increase 8.50%</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERS 1</td>
<td>$18,075,307</td>
<td>$14,846,216</td>
<td>$12,069,494</td>
</tr>
<tr>
<td>PERS 2/3</td>
<td>36,057,357</td>
<td>12,331,299</td>
<td>(5,834,854)</td>
</tr>
<tr>
<td>LEOFF 1</td>
<td>(2,000,867)</td>
<td>(3,127,561)</td>
<td>(4,087,857)</td>
</tr>
<tr>
<td>LEOFF 2</td>
<td>8,407,756</td>
<td>(8,395,708)</td>
<td>(21,040,952)</td>
</tr>
</tbody>
</table>

**Pension Plan Fiduciary Net Position**

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

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

At June 30, 2015, the City reported a total of $15,654,247 for its proportionate share of the net pension liabilities as follows:

<table>
<thead>
<tr>
<th>Plan</th>
<th>Liability (Asset)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERS 1</td>
<td>$14,846,216</td>
</tr>
<tr>
<td>PERS 2/3</td>
<td>12,331,299</td>
</tr>
<tr>
<td>TOTAL LIABILITY</td>
<td>27,177,515</td>
</tr>
<tr>
<td>LEOFF 1</td>
<td>(3,127,561)</td>
</tr>
<tr>
<td>LEOFF 2</td>
<td>(8,395,708)</td>
</tr>
<tr>
<td>TOTAL ASSET</td>
<td>$ (11,523,269)</td>
</tr>
</tbody>
</table>
The amount of the liability/(asset) reported above for LEOFF Plan 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability/(asset), the related State support, and the total portion of the net pension liability/(asset) that was associated with the City were as follows:

<table>
<thead>
<tr>
<th>Plan</th>
<th>Liability (Asset)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEOFF 2 – employer’s proportionate share</td>
<td>$ (8,395,708)</td>
</tr>
<tr>
<td>LEOFF 2 – State’s proportionate share of the net pension liability/(asset) associated with the employer</td>
<td>(5,551,245)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$ (13,946,953)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Plan</th>
<th>% of Proportionate Share 6/30/14</th>
<th>% of Proportionate Share 6/30/15</th>
<th>Change in Proportion %</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERS 1</td>
<td>0.292219%</td>
<td>0.283816%</td>
<td>-0.008403%</td>
</tr>
<tr>
<td>PERS 2/3</td>
<td>0.347973%</td>
<td>0.345119%</td>
<td>-0.002854%</td>
</tr>
<tr>
<td>LEOFF 1</td>
<td>0.254508%</td>
<td>0.259501%</td>
<td>0.004993%</td>
</tr>
<tr>
<td>LEOFF 2</td>
<td>0.853588%</td>
<td>0.816862%</td>
<td>-0.036726%</td>
</tr>
</tbody>
</table>

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

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2015. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2015, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2015, the state of Washington contributed 39.80 percent of LEOFF 2 employer contributions pursuant to RCW 41.27.726 and all other employers contributed the remaining 60.20 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2015, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability to the measurement date.
Pension Expense

For the year ended December 31, 2015, the City's recognized pension expense is as follows:

<table>
<thead>
<tr>
<th>Plan</th>
<th>Pension Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERS 1</td>
<td>$ 390,852</td>
</tr>
<tr>
<td>PERS 2/3</td>
<td>1,431,035</td>
</tr>
<tr>
<td>LEOFF 1</td>
<td>(656,604)</td>
</tr>
<tr>
<td>LEOFF 2</td>
<td>522,135</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$ 1,687,419</td>
</tr>
</tbody>
</table>

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2015, the City's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<table>
<thead>
<tr>
<th>PERS 1</th>
<th>Deferred Outflows of Resources</th>
<th>Deferred Inflows of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differences between expected and actual experience</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net difference between projected and actual investment earnings on pension plan investments</td>
<td>-</td>
<td>$812,250</td>
</tr>
<tr>
<td>Changes of assumptions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Changes in proportion and differences between contributions and proportionate share of contributions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contributions subsequent to the measurement date</td>
<td>$789,514</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$789,514</td>
<td>$812,250</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PERS 2/3</th>
<th>Deferred Outflows of Resources</th>
<th>Deferred Inflows of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differences between expected and actual experience</td>
<td>$1,310,821</td>
<td>-</td>
</tr>
<tr>
<td>Net difference between projected and actual investment earnings on pension plan investments</td>
<td>-</td>
<td>$3,291,873</td>
</tr>
<tr>
<td>Changes of assumptions</td>
<td>19,869</td>
<td>-</td>
</tr>
<tr>
<td>Changes in proportion and differences between contributions and proportionate share of contributions</td>
<td>-</td>
<td>91,832</td>
</tr>
<tr>
<td>Contributions subsequent to the measurement date</td>
<td>966,832</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$2,297,522</td>
<td>$3,383,705</td>
</tr>
<tr>
<td></td>
<td>LEOFF 1</td>
<td></td>
</tr>
<tr>
<td>----------------------</td>
<td>---------</td>
<td>----------------------</td>
</tr>
<tr>
<td></td>
<td>Deferred Outflows of Resources</td>
<td>Deferred Inflows of Resources</td>
</tr>
<tr>
<td>Differences between expected and actual experience</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net difference between projected and actual investment earnings on pension plan investments</td>
<td>-</td>
<td>$527,994</td>
</tr>
<tr>
<td>Changes of assumptions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Changes in proportion and differences between contributions and proportionate share of contributions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contributions subsequent to the measurement date</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$0</td>
<td>$527,994</td>
</tr>
</tbody>
</table>
Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>PERS 1</th>
<th>PERS 2/3</th>
<th>LEOFF 1</th>
<th>LEOFF 2</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$ (314,800)</td>
<td>$ (842,124)</td>
<td>$ (204,881)</td>
<td>$ (850,838)</td>
<td>$ (2,212,644)</td>
</tr>
<tr>
<td>2017</td>
<td>(314,800)</td>
<td>(842,124)</td>
<td>(204,881)</td>
<td>(850,838)</td>
<td>(2,212,644)</td>
</tr>
<tr>
<td>2018</td>
<td>(314,800)</td>
<td>(842,128)</td>
<td>(204,881)</td>
<td>(850,838)</td>
<td>(2,212,647)</td>
</tr>
<tr>
<td>2019</td>
<td>132,150</td>
<td>740,748</td>
<td>86,650</td>
<td>583,041</td>
<td>1,542,589</td>
</tr>
<tr>
<td>2020</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>143,601</td>
<td>143,601</td>
</tr>
<tr>
<td>Thereafter</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>28,720</td>
<td>28,720</td>
</tr>
</tbody>
</table>

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

**Plan description**

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

**Board membership**

The FFP is administered by a fire pension board comprised of the city council finance committee chairperson, the mayor, the finance director, a non-voting physician, two regularly employed or retired firefighters elected by secret ballot of the employed and retired firefighters, and an alternate firefighter.

The POP is administered by a police pension board comprised of the president of the city council, the mayor, the finance director, a non-voting physician, and three active or retired members of the police department elected by active and retired members of the police department.

**Summary of significant accounting and funding policies**

Employer contributions, determined during the biennial budget process using actuarially determined amounts, are recognized as revenues in the period in which they are budgeted and paid. Non-employer State collected and distributed fire insurance premium taxes, of $127,180 in 2015, are recognized in the FFP when received. The plans are both closed to new participants and are no longer receiving employee contributions. Benefits and refunds are recorded when due and payable in accordance with the terms of each plan.

**Plan benefits**

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

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

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

### Membership participation

<table>
<thead>
<tr>
<th></th>
<th>FFP 12/31/15</th>
<th>POP 12/31/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active employees</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Retirees</td>
<td>27</td>
<td>16</td>
</tr>
<tr>
<td>Beneficiaries</td>
<td>19</td>
<td>7</td>
</tr>
<tr>
<td>Total Participants</td>
<td>47</td>
<td>24</td>
</tr>
<tr>
<td>Receiving Benefits</td>
<td>39</td>
<td>16</td>
</tr>
</tbody>
</table>

### Investments

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

### Investment concentration

<table>
<thead>
<tr>
<th>Investments at fair value</th>
<th>FFP 12/31/2015</th>
<th>POP 12/31/2015</th>
<th>%</th>
<th>Moody’s rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury Obligations:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury Notes</td>
<td>$341,040</td>
<td>$243,775</td>
<td>7.41%</td>
<td>Aaa</td>
</tr>
<tr>
<td>Federal Home Loan Bank (FHLB)</td>
<td>648,222</td>
<td>463,348</td>
<td>14.08%</td>
<td>Aaa</td>
</tr>
<tr>
<td>Federal National Mortgage Association (FNMA)</td>
<td>1,866,820</td>
<td>1,334,400</td>
<td>40.53%</td>
<td>Aaa</td>
</tr>
<tr>
<td>Federal Home Loan Mortgage Corp. (FHLMC)</td>
<td>681,882</td>
<td>487,408</td>
<td>14.81%</td>
<td>Aaa</td>
</tr>
<tr>
<td>Federal Farm Credit Bank (FFCB)</td>
<td>654,665</td>
<td>467,954</td>
<td>14.22%</td>
<td>Aaa</td>
</tr>
<tr>
<td>Municipal Bonds</td>
<td>412,202</td>
<td>294,641</td>
<td>8.95%</td>
<td>Aa1</td>
</tr>
<tr>
<td><strong>Total investments at fair value</strong></td>
<td><strong>$4,604,831</strong></td>
<td><strong>$3,291,526</strong></td>
<td>100.00%</td>
<td></td>
</tr>
</tbody>
</table>

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was .79% for FFP and .83% for POP. The money-
weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested.

**Actuarial methods and assumptions:**

Actuarial valuations involve estimates and assumptions about the probability of events far into the future and the amounts are subject to continual revision and reflect a long-term perspective. 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, 2014. The actuarial assumptions involving investment earnings and salary growth for the FFP and the POP plans have been determined in accordance with the recommendation of the system’s retained actuary. Under LEOFF Plan I, the benefit is adjusted after retirement in proportion to the change in the Consumer Price Index (CPI). Most adjustments are based on the change in salary for the rank the members held at retirement. The salaries are based on salary and benefits surveys collected by the Association of Washington Cities (AWC) for an upper-level police officer and firefighter. The CPI figures used are for classification *Urban Wage Earners and Clerical Workers* officer, *Seattle-Everett, Washington*, which is the basis of LEOFF Plan I increases.

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

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

<table>
<thead>
<tr>
<th>Pension actuarial methods and assumptions for FFP and POP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valuation date</td>
</tr>
<tr>
<td>Actuarial cost method</td>
</tr>
<tr>
<td>Actuarial asset method</td>
</tr>
<tr>
<td>Assumed composite rate of return</td>
</tr>
<tr>
<td>Projected salary increases</td>
</tr>
<tr>
<td>Inflation rate</td>
</tr>
<tr>
<td>Property tax contribution rate increases (FFP only)</td>
</tr>
<tr>
<td>Fire insurance premium rate increases (FFP)</td>
</tr>
<tr>
<td>Mortality rate - static projection to 2025</td>
</tr>
<tr>
<td>Amortization period</td>
</tr>
<tr>
<td>Remaining amortization</td>
</tr>
</tbody>
</table>
## Net pension asset and interest rate sensitivity

<table>
<thead>
<tr>
<th></th>
<th>FFP 12/31/15</th>
<th>POP 12/31/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total pension asset</td>
<td>$5,476,236</td>
<td>$1,282,730</td>
</tr>
<tr>
<td>Plan fiduciary net position</td>
<td>$6,411,373</td>
<td>$3,960,203</td>
</tr>
<tr>
<td>Net pension asset</td>
<td>$935,137</td>
<td>$2,677,473</td>
</tr>
<tr>
<td>Net position as a % of total asset</td>
<td>117.08%</td>
<td>308.73%</td>
</tr>
</tbody>
</table>

**Net pension asset sensitivity**

- Plus 1% composite rate of return: $1,345,812 / $2,779,189
- Minus 1% composite rate of return: $461,970 / $2,559,895

## Changes in the net pension asset

<table>
<thead>
<tr>
<th></th>
<th>FFP</th>
<th>POP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1/1/2015</strong></td>
<td>$5,731,353</td>
<td>$6,031,603</td>
</tr>
<tr>
<td><strong>Changes for the year:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service cost</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest</td>
<td>192,760</td>
<td>(192,760)</td>
</tr>
<tr>
<td>Differences, expected and actual</td>
<td>-</td>
<td>45,570</td>
</tr>
<tr>
<td>Changes of assumptions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contributions - employer</td>
<td>656,841</td>
<td>310,025</td>
</tr>
<tr>
<td>Contributions - nonemployer</td>
<td>127,180</td>
<td>32,313</td>
</tr>
<tr>
<td>Net investment income</td>
<td>48,857</td>
<td>48,857</td>
</tr>
<tr>
<td>Administrative expense</td>
<td>(5,231)</td>
<td>(4,735)</td>
</tr>
<tr>
<td>Benefit payments, net of refunds</td>
<td>(447,877)</td>
<td>(129,662)</td>
</tr>
<tr>
<td><strong>Net changes</strong></td>
<td>(255,117)</td>
<td>207,941</td>
</tr>
<tr>
<td><strong>Balance at 12/31/2015</strong></td>
<td>$5,476,236</td>
<td>$3,960,203</td>
</tr>
</tbody>
</table>

*Service cost, differences, and changes are zero dollars for non valuation years. Next valuation is scheduled for 12/31/16.*
**Deferred Outflows of Resources and Deferred Inflows of Resources**

At December 31, 2015, the City's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<table>
<thead>
<tr>
<th>Source</th>
<th>FFP</th>
<th>POP</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differences between expected and actual experience</td>
<td>-</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Net difference between projected and actual investment earnings on pension plan investments</td>
<td>-</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Changes of assumptions</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Changes in proportion and differences between contributions and proportionate share of contributions</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$0</strong></td>
<td><strong>$123,529</strong></td>
<td><strong>$123,529</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source</th>
<th>FFP</th>
<th>POP</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differences between expected and actual experience</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net difference between projected and actual investment earnings on pension plan investments</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Changes of assumptions</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Changes in proportion and differences between contributions and proportionate share of contributions</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$0</strong></td>
<td><strong>$77,398</strong></td>
<td><strong>$77,398</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source</th>
<th>FFP</th>
<th>POP</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differences between expected and actual experience</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net difference between projected and actual investment earnings on pension plan investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Changes of assumptions</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Changes in proportion and differences between contributions and proportionate share of contributions</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$0</strong></td>
<td><strong>$200,927</strong></td>
<td><strong>$200,927</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>FFP</th>
<th>POP</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>($30,882,000)</td>
<td>($19,349,000)</td>
<td>($50,231,000)</td>
</tr>
<tr>
<td>2017</td>
<td>$30,882,000</td>
<td>$19,349,000</td>
<td>$50,231,000</td>
</tr>
<tr>
<td>2018</td>
<td>$30,882,000</td>
<td>$19,349,000</td>
<td>$50,231,000</td>
</tr>
<tr>
<td>2019</td>
<td>$30,883,000</td>
<td>$19,351,000</td>
<td>$50,234,000</td>
</tr>
<tr>
<td>2020</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Thereafter</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>
V-G Other post-employment benefits (OPEB)

Firefighters' (FHC) and Police Officers' (PHC) Health Care Plans

Plan description. In accordance with the Revised Code of Washington (RCW) 41.26, the City administers two single-employer defined benefit healthcare plans for firefighters' and police officers' employed prior to October 1, 1977. The FHC and PHC plans provide lifetime medical, prescription drug, dental, Medicare Part B premiums, long-term care, and vision expenses for LEOFF Plan 1 retirees. Dependent spouses and children are not covered. Financial reporting for both of these plans are contained in the basic and individual fund statements of this report.

Funding policy. Funding for LEOFF 1 retiree healthcare costs is provided entirely by the City as required by the Revised Code of Washington (RCW) 41.26. There are no active employee nor retiree contributions. The medical care benefits are funded on a pay-as-you-go basis. The long-term care benefits are being pre-funded using an actuarial required contribution (ARC) as the basis. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess).

Annual OPEB cost and net OPEB obligations. The City’s annual OPEB cost and net OPEB obligation for the year ended December 31, 2015, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>FHC 12/13/15</th>
<th>PHC 12/13/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual required contribution (ARC)</td>
<td>$1,260,718</td>
<td>$835,217</td>
</tr>
<tr>
<td>Interest on net OPEB obligation</td>
<td>18,389</td>
<td>14,977</td>
</tr>
<tr>
<td>Adjustment to the ARC</td>
<td>(34,538)</td>
<td>(25,147)</td>
</tr>
<tr>
<td>Annual OPEB cost</td>
<td>1,244,569</td>
<td>825,047</td>
</tr>
<tr>
<td>Contributions made</td>
<td>(1,549,134)</td>
<td>(1,061,590)</td>
</tr>
<tr>
<td>Decrease in net OPEB obligation</td>
<td>(304,565)</td>
<td>(236,543)</td>
</tr>
<tr>
<td>Net OPEB obligation, beginning of year</td>
<td>525,400</td>
<td>382,547</td>
</tr>
<tr>
<td>Net OPEB obligation, end of year</td>
<td>$220,835</td>
<td>$146,004</td>
</tr>
</tbody>
</table>

Trend information is intended to provide an indication of the progress being made in accumulating sufficient assets to pay benefits when due.

Three year OPEB trend information

<table>
<thead>
<tr>
<th>Plan</th>
<th>Year</th>
<th>Annual OPEB cost (AOC)</th>
<th>Contributions</th>
<th>Percentage of AOC contributed</th>
<th>Net OPEB obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td>FHC</td>
<td>2013</td>
<td>$1,533,146</td>
<td>$1,473,609</td>
<td>96.1%</td>
<td>$459,020</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>1,526,985</td>
<td>1,460,605</td>
<td>95.7%</td>
<td>525,400</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>1,244,569</td>
<td>1,549,134</td>
<td>124.5%</td>
<td>220,835</td>
</tr>
<tr>
<td>PHC</td>
<td>2013</td>
<td>$1,005,411</td>
<td>924,373</td>
<td>91.9%</td>
<td>$353,447</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>1,000,221</td>
<td>971,121</td>
<td>97.1%</td>
<td>382,547</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>825,047</td>
<td>1,061,590</td>
<td>128.7%</td>
<td>146,004</td>
</tr>
</tbody>
</table>


**Funding status and funding progress.** Actuarial valuations involve estimates and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress provided in the required supplemental information section of this report provides information on whether the funded ratio is increasing or decreasing over time. As of the last valuation date, December 31, 2014, the FHC and PHC plans are 13.4% and 16.4% funded, respectively.

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, 2014.

<table>
<thead>
<tr>
<th>Schedule of OPEB funded status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FHC</strong></td>
</tr>
<tr>
<td>12/31/14</td>
</tr>
<tr>
<td>Actuarial accrued liability (AAL)</td>
</tr>
<tr>
<td>Actuarial value of plan assets</td>
</tr>
<tr>
<td>Unfunded actuarial accrued liability (UAAL)</td>
</tr>
<tr>
<td>Funded ratio (actuarial value of plan assets/AAL)</td>
</tr>
<tr>
<td>Covered payroll (annual payroll of active employees covered by the plan)</td>
</tr>
<tr>
<td>UAAL as a % of covered payroll</td>
</tr>
</tbody>
</table>

**Actuarial methods and assumptions.** Projections of benefits for financial reporting purposes are made using actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial calculations of the plans reflect a long-term perspective.

<table>
<thead>
<tr>
<th>OPEB actuarial methods and assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial cost method</td>
</tr>
<tr>
<td>Asset valuation method</td>
</tr>
<tr>
<td>Assumed composite blended rate of return</td>
</tr>
<tr>
<td>Inflation rate</td>
</tr>
<tr>
<td>Medical care cost inflation rate</td>
</tr>
<tr>
<td>Long-term care cost inflation rate</td>
</tr>
<tr>
<td>Mortality rate - static projection</td>
</tr>
<tr>
<td>Amortization period</td>
</tr>
<tr>
<td>Remaining amortization</td>
</tr>
</tbody>
</table>
V-H  Endowments

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

On May 16, 2006, the voters passed a ballot authorizing the City to increase its regular property tax levy in 2007 to $2.49 per thousand (which included $0.057 per thousand from the beyond greenways levy) of assessed valuation on all of the taxable property within the City. The ballot specified increases in 2008 and each of the nine succeeding years as allowed by RCW 84.55 to be used for the costs of parks, greenways, trails, and open space property acquisition, development, and maintenance. The City created the greenways III fund with ordinance 2007-01-004 to account for the property tax levy receipts. These receipts are to be used for acquisition and development/improvement of property.

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

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

As of December 31, 2015, a total of $5,493,936 in property taxes and donations has been receipted into the endowment fund and is nonspendable. Interest in the amount of $14,090 remains unspent.

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

According to the terms of the agreement, the corpus (or original lump payment received) cannot be expended for 50 years. Only the interest earned by that corpus or any other outside revenues received (such as donations) may be expended for (a) or (b) as defined above. As of December 31, 2015, $512,250 is available to spend.

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

V-I  Subsequent Events

In April 2016 the City of Bellingham issued $8,815,000 of LTGO Refunding Bonds, 2016 Series A, and $825,000 of LTGO Refunding Bonds, 2016 Series B (Taxable) bonds. These bonds were issued for the
The purpose of providing funds (i) to advance refund and defease the outstanding limited sales tax obligation bonds of the Bellingham-Whatcom Public Facilities District (the "PFD") and (ii) to pay costs of issuance for the Bonds. The PFD entered into Interlocal Financing Agreement ("ILA") 2016-0268 with the City pledging to impose the sales and use tax as set forth therein and to distribute to the City all PFD Revenues for payment of the principal of and interest on the Bonds and other obligations of the PFD as described in the ILA. The net present value savings related to the refunding was $1,185,952 given the more favorable interest rates secured by refunding the debt as LTGO bonds of the City.

With the issuance of the 2016 LTGO Refunding bonds as debt of the City and the passage of ILA 2016-0268 the contingent liability established in contract 2007-0552 between the City and the PFD was superseded. Under the new ILA 2016-0268 the PFD is responsible for making debt payments to the City related to the 2016 LTGO bonds, their share of the 2004 LTGO bonds which were refunded as the 2012 LTGO bonds, and payment of the interlocal loan, but the debt structure and payment dates have been modified with the refunding.
## CITY OF BELLINGHAM

### Schedule of Revenues, Expenditures and Changes in Fund Balance

**Budget and Actual Legal Basis**

**Legally Adopted Original General Fund**

**For the Year Ended December 31, 2015**

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial Budgeted Amounts</th>
<th>2015 Actual Amounts</th>
<th>Variance with Legal Basis</th>
<th>Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td>$27,953,916</td>
<td>$27,953,916</td>
<td>$14,179,751</td>
<td>$(13,774,165)</td>
</tr>
<tr>
<td>Sales and use</td>
<td>28,258,700</td>
<td>28,643,200</td>
<td>14,543,599</td>
<td>(14,099,601)</td>
</tr>
<tr>
<td>Business</td>
<td>59,800,620</td>
<td>59,800,620</td>
<td>29,884,433</td>
<td>(29,916,187)</td>
</tr>
<tr>
<td>Other</td>
<td>1,960,000</td>
<td>1,960,000</td>
<td>1,023,206</td>
<td>(936,794)</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>1,637,142</td>
<td>1,729,142</td>
<td>852,970</td>
<td>(876,172)</td>
</tr>
<tr>
<td>Intergovernmental revenue</td>
<td>1,795,150</td>
<td>2,147,488</td>
<td>1,628,319</td>
<td>(519,169)</td>
</tr>
<tr>
<td>Charges for services</td>
<td>16,060,174</td>
<td>16,467,660</td>
<td>9,080,655</td>
<td>(7,387,005)</td>
</tr>
<tr>
<td>Fines and penalties</td>
<td>2,552,589</td>
<td>2,172,113</td>
<td>985,824</td>
<td>(1,186,289)</td>
</tr>
<tr>
<td>Miscellaneous revenue</td>
<td>1,398,016</td>
<td>1,433,016</td>
<td>981,874</td>
<td>(451,142)</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>141,416,307</td>
<td>142,307,155</td>
<td>73,160,631</td>
<td>(69,146,524)</td>
</tr>
</tbody>
</table>

|                  |                                     |                     |                           |              |
| **EXPENDITURES** |                                     |                     |                           |              |
|                  |                                     |                     |                           |              |
| Current:         |                                     |                     |                           |              |
| General government services | 27,845,435            | 28,260,936          | 13,108,669                | 15,152,267   |
| Public safety    | 74,842,838                         | 75,802,173          | 36,829,426                | 38,972,747   |
| Natural and economic environment | 7,068,526           | 7,280,110           | 3,220,328                 | 4,059,782    |
| Social Services  | 340,685                             | 368,083             | 154,472                   | 213,611      |
| Cultural and recreation | 26,927,509            | 27,126,409          | 12,808,400                | 14,318,009   |
| Debt service:    |                                     |                     |                           |              |
| Principal        | 428,527                             | 428,527             | -                         | 428,527      |
| Interest and other charges | 14,789                  | 14,789              | 8,293                     | 6,496        |
| Capital outlay   | 68,318                              | 1,454,873           | 1,463,685                 | (8,812)      |
| **Total expenditures** | 137,536,627          | 140,735,900         | 67,593,273                | 73,142,627   |
| Excess (deficiency) of revenues over (under) expenditures | 3,879,680            | 1,571,255           | 5,567,358                 | 3,996,103    |

|                  |                                     |                     |                           |              |
| **OTHER FINANCING SOURCES (USES)** |                                     |                     |                           |              |
| Transfers in      | 300,000                             | 300,000             | 150,000                   | (150,000)    |
| Transfers out     | (5,300,888)                         | (5,300,888)         | (2,682,604)               | 2,618,284    |
| **Total other financing sources and (uses)** | (5,000,888)            | (5,000,888)         | (2,532,604)               | 2,468,284    |
| Net change in fund balances | (1,121,208)             | (3,429,633)         | 3,034,754                 | 6,464,387    |
| Fund balances - beginning | 14,153,483           | 17,725,097          | 17,523,800                | (201,297)    |
| Fund balances - ending | $13,032,275            | $14,295,464         | $20,558,554               | $6,263,090   |
## Reconciliation of the Schedule of Revenues, Expenditures and Changes in Fund Balances

### Original General Fund compared to Combined GASB 54 General Fund GAAP Basis

For the Year Ended December 31, 2015

### REVENUES

#### General Fund

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgeted separately and consolidated for GASB 54 reporting -</td>
<td>$73,160,631</td>
</tr>
<tr>
<td>Streets</td>
<td>17,725,656</td>
</tr>
<tr>
<td>Paths and Trails Reserve</td>
<td>21,361</td>
</tr>
<tr>
<td>Park Site Acquisition</td>
<td>1,310</td>
</tr>
<tr>
<td>Federal Building</td>
<td>17,581</td>
</tr>
<tr>
<td>Olympic - Whatcom Falls Park Addition</td>
<td>2,054</td>
</tr>
<tr>
<td>First 1/4% Real Estate Excise Tax</td>
<td>1,891,697</td>
</tr>
<tr>
<td>Second 1/4% Real Estate Excise Tax</td>
<td>2,010,765</td>
</tr>
<tr>
<td>Beyond Greenway Levy</td>
<td>2,217</td>
</tr>
<tr>
<td>Greenway III Levy</td>
<td>4,787,918</td>
</tr>
<tr>
<td>Park Impact Fees</td>
<td>3,168,976</td>
</tr>
<tr>
<td>Sportsplex</td>
<td>1,172</td>
</tr>
<tr>
<td><strong>Combined General Fund</strong></td>
<td><strong>102,791,338</strong></td>
</tr>
</tbody>
</table>

### EXPENDITURES

#### General Fund

<table>
<thead>
<tr>
<th>Expenditure Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgeted separately and consolidated for GASB 54 reporting -</td>
<td>$67,593,273</td>
</tr>
<tr>
<td>Streets</td>
<td>23,019,439</td>
</tr>
<tr>
<td>Paths and Trails Reserve</td>
<td>588</td>
</tr>
<tr>
<td>Park Site Acquisition</td>
<td>144,100</td>
</tr>
<tr>
<td>Federal Building</td>
<td>2,195,197</td>
</tr>
<tr>
<td>Olympic - Whatcom Falls Park Addition</td>
<td>10,278</td>
</tr>
<tr>
<td>First 1/4% Real Estate Excise Tax</td>
<td>542,795</td>
</tr>
<tr>
<td>Second 1/4% Real Estate Excise Tax</td>
<td>270,230</td>
</tr>
<tr>
<td>Beyond Greenway Levy</td>
<td>124,624</td>
</tr>
<tr>
<td>Greenway III Levy</td>
<td>6,538,888</td>
</tr>
<tr>
<td>Park Impact Fees</td>
<td>1,877,852</td>
</tr>
<tr>
<td><strong>Combined General Fund</strong></td>
<td><strong>102,317,264</strong></td>
</tr>
</tbody>
</table>

### OTHER FINANCING SOURCES (USES)

#### General Fund

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgeted separately and consolidated for GASB 54 reporting -</td>
<td>$(2,532,604)</td>
</tr>
<tr>
<td><strong>Combined General Fund</strong></td>
<td><strong>425,411</strong></td>
</tr>
</tbody>
</table>

### NET CHANGES IN FUND BALANCES

#### General Fund

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgeted separately and consolidated for GASB 54 reporting -</td>
<td>$3,034,754</td>
</tr>
<tr>
<td><strong>Combined General Fund</strong></td>
<td><strong>$ 899,485</strong></td>
</tr>
</tbody>
</table>

*Note: The eleven funds delineated above do not meet the definition of a special revenue fund as defined in GASB 54 ¶30-31 and by the WA State Auditors office BARS manual GAAP section 3.1.1.40 code 100. Accordingly, they were combined with the general fund for GAAP basis reporting. However, the budgets for these eleven funds and the originally budgeted general fund were legally appropriated and as such are presented as part of the combining and individual fund statements.*
## Pension Plans

**Washington State Department of Retirement Systems - PERS and LEOFF**

### Schedule of proportionate share of net pension liability - PERS & LEOFF

<table>
<thead>
<tr>
<th></th>
<th>6/30/2015</th>
<th>6/30/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PERS 1</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City proportion of NPL</td>
<td>0.283816%</td>
<td>0.292219%</td>
</tr>
<tr>
<td>City proportionate share of NPL</td>
<td>$14,846,216</td>
<td>$14,720,669</td>
</tr>
<tr>
<td>Covered employee payroll</td>
<td>$846,528</td>
<td>$1,086,076</td>
</tr>
<tr>
<td>Employer's proportionate share of the NPL as a % of covered employee payroll</td>
<td>1753.78%</td>
<td>1355.40%</td>
</tr>
<tr>
<td>Plan Fiduciary net position (FNP)</td>
<td>$(21,451,699)</td>
<td>$(23,206,738)</td>
</tr>
<tr>
<td>Total pension liability</td>
<td>$36,297,915</td>
<td>$37,927,408</td>
</tr>
<tr>
<td>FNP as a % of the total pension liability</td>
<td>-59.10%</td>
<td>-61.19%</td>
</tr>
<tr>
<td><strong>PERS 2/3</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City proportion of NPL</td>
<td>0.345119%</td>
<td>0.347973%</td>
</tr>
<tr>
<td>City proportionate share of NPL</td>
<td>$12,331,299</td>
<td>$7,033,791</td>
</tr>
<tr>
<td>Covered employee payroll</td>
<td>$30,624,515</td>
<td>$29,807,323</td>
</tr>
<tr>
<td>Employer's proportionate share of the NPL as a % of covered employee payroll</td>
<td>40.27%</td>
<td>23.60%</td>
</tr>
<tr>
<td>Plan Fiduciary net position (FNP)</td>
<td>$(101,851,378)</td>
<td>$(97,776,269)</td>
</tr>
<tr>
<td>Total pension liability</td>
<td>$114,182,676</td>
<td>$104,810,059</td>
</tr>
<tr>
<td>FNP as a % of the total pension liability</td>
<td>-89.20%</td>
<td>-93.29%</td>
</tr>
<tr>
<td><strong>LEOFF 1</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City proportion of NPA</td>
<td>0.259501%</td>
<td>0.254508%</td>
</tr>
<tr>
<td>City proportionate share of NPA</td>
<td>$(3,127,561)</td>
<td>$(3,086,650)</td>
</tr>
<tr>
<td>Covered employee payroll</td>
<td>$149,426</td>
<td>$473,423</td>
</tr>
<tr>
<td>Employer's proportionate share of the NPA as a % of covered employee payroll</td>
<td>2093.05%</td>
<td>651.99%</td>
</tr>
<tr>
<td>Plan Fiduciary net position (FNP)</td>
<td>$(14,558,393)</td>
<td>$(14,554,819)</td>
</tr>
<tr>
<td>Total pension liability</td>
<td>$11,430,832</td>
<td>$11,468,169</td>
</tr>
<tr>
<td>FNP as a % of the total pension liability</td>
<td>-127.36%</td>
<td>-126.91%</td>
</tr>
<tr>
<td><strong>LEOFF 2</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City proportion of NPA</td>
<td>0.816862%</td>
<td>0.853588%</td>
</tr>
<tr>
<td>City proportionate share of City NPA</td>
<td>$(8,395,708)</td>
<td>$(11,327,480)</td>
</tr>
<tr>
<td>State proportionate share of City NPA</td>
<td>$(5,551,241)</td>
<td>$(7,401,154)</td>
</tr>
<tr>
<td>Total proportionate share</td>
<td>$(13,946,949)</td>
<td>$(18,728,634)</td>
</tr>
<tr>
<td>Covered employee payroll</td>
<td>$23,708,488</td>
<td>$23,754,316</td>
</tr>
<tr>
<td>Employer's proportionate share of the NPA as a % of covered employee payroll</td>
<td>-58.83%</td>
<td>-78.84%</td>
</tr>
<tr>
<td>Plan Fiduciary net position (FNP)</td>
<td>$(80,319,337)</td>
<td>$(78,963,736)</td>
</tr>
<tr>
<td>Total pension liability</td>
<td>$71,923,629</td>
<td>$67,636,256</td>
</tr>
<tr>
<td>FNP as a % of the total pension liability</td>
<td>-111.67%</td>
<td>-116.75%</td>
</tr>
</tbody>
</table>

*Information is available beginning in 2014.*
### Pension Plans

*Washington State Department of Retirement Systems - PERS and LEOFF (continued)*

#### Schedule of contributions - PERS & LEOFF

<table>
<thead>
<tr>
<th>Plan</th>
<th>Year</th>
<th>Statutorily required contributions</th>
<th>Actual contributions</th>
<th>Contribution deficiency (excess)</th>
<th>Covered Employee Payroll</th>
<th>Contributions as a % of covered employee payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERS 1</td>
<td>6/30/2014</td>
<td>1,293,452</td>
<td>1,293,452</td>
<td>-</td>
<td>1,086,076</td>
<td>119.09%</td>
</tr>
<tr>
<td></td>
<td>6/30/2015</td>
<td>1,304,409</td>
<td>1,304,409</td>
<td>-</td>
<td>846,528</td>
<td>154.09%</td>
</tr>
<tr>
<td>PERS 2/3</td>
<td>6/30/2014</td>
<td>1,469,976</td>
<td>1,469,976</td>
<td>-</td>
<td>29,807,323</td>
<td>4.93%</td>
</tr>
<tr>
<td></td>
<td>6/30/2015</td>
<td>1,537,344</td>
<td>1,537,344</td>
<td>-</td>
<td>30,624,515</td>
<td>5.02%</td>
</tr>
<tr>
<td>LEOFF 1</td>
<td>6/30/2014</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>473,423</td>
<td>0.00%</td>
</tr>
<tr>
<td></td>
<td>6/30/2015</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>149,426</td>
<td>0.00%</td>
</tr>
<tr>
<td>LEOFF 2</td>
<td>6/30/2014</td>
<td>1,199,893</td>
<td>1,199,893</td>
<td>-</td>
<td>23,754,316</td>
<td>5.05%</td>
</tr>
<tr>
<td></td>
<td>6/30/2015</td>
<td>1,197,282</td>
<td>1,197,282</td>
<td>-</td>
<td>23,708,488</td>
<td>5.05%</td>
</tr>
</tbody>
</table>

*Information is available beginning in 2014.*
## Pension Plans

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

#### Schedule of changes in net pension asset - FFP & POP

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Firefighters' Pension Plan</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total pension asset</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service cost</td>
<td>$</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest</td>
<td>192,760</td>
<td>260,497</td>
<td>273,717</td>
</tr>
<tr>
<td>Changes in actuarial assumptions</td>
<td>-</td>
<td>140,083</td>
<td>-</td>
</tr>
<tr>
<td>Differences, expected and actual</td>
<td>-</td>
<td>(189,608)</td>
<td>-</td>
</tr>
<tr>
<td>Benefit payments, net</td>
<td>(447,877)</td>
<td>(536,869)</td>
<td>(598,129)</td>
</tr>
<tr>
<td>Net change in total pension asset</td>
<td>(255,117)</td>
<td>(325,897)</td>
<td>(324,412)</td>
</tr>
<tr>
<td>Total pension asset - beginning</td>
<td>5,731,353</td>
<td>6,057,250</td>
<td>6,381,662</td>
</tr>
<tr>
<td>Total pension asset - ending</td>
<td>$5,476,236</td>
<td>$5,731,353</td>
<td>$6,057,250</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Net change in plan fiduciary net position</strong></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total plan fiduciary net position</td>
<td>379,770</td>
<td>332,272</td>
<td>144,399</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Net pension asset (liability)</strong></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan fiduciary net position as a % of total pension asset</td>
<td>117.08%</td>
<td>105.24%</td>
<td>94.09%</td>
</tr>
<tr>
<td>Covered-employee payroll</td>
<td>142,115</td>
<td>357,440</td>
<td>432,351</td>
</tr>
<tr>
<td>Net pension asset as a % of covered employee payroll</td>
<td>658.01%</td>
<td>84.00%</td>
<td>-82.78%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Police Officers' Pension Plan</strong></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total pension asset</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service cost</td>
<td>$</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest</td>
<td>45,570</td>
<td>63,919</td>
<td>67,258</td>
</tr>
<tr>
<td>Changes in actuarial assumptions</td>
<td>-</td>
<td>(27,978)</td>
<td>-</td>
</tr>
<tr>
<td>Differences, expected and actual</td>
<td>-</td>
<td>(28,536)</td>
<td>-</td>
</tr>
<tr>
<td>Benefit payments, net</td>
<td>(129,662)</td>
<td>(122,007)</td>
<td>(160,904)</td>
</tr>
<tr>
<td>Net change in total pension asset</td>
<td>(84,092)</td>
<td>(114,602)</td>
<td>(93,646)</td>
</tr>
<tr>
<td>Total pension asset - beginning</td>
<td>1,366,822</td>
<td>1,481,424</td>
<td>1,575,070</td>
</tr>
<tr>
<td>Total pension asset - ending</td>
<td>$1,282,730</td>
<td>$1,366,822</td>
<td>$1,481,424</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Net change in plan fiduciary net position</strong></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total plan fiduciary net position</td>
<td>207,941</td>
<td>254,632</td>
<td>89,877</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Net pension asset</strong></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan fiduciary net position as a % of total pension asset</td>
<td>308.73%</td>
<td>274.52%</td>
<td>236.10%</td>
</tr>
<tr>
<td>Covered-employee payroll</td>
<td>147,835</td>
<td>162,093</td>
<td>245,929</td>
</tr>
<tr>
<td>Net pension asset as a % of covered employee payroll</td>
<td>1811.12%</td>
<td>1471.65%</td>
<td>819.83%</td>
</tr>
</tbody>
</table>

*Information is available beginning in 2013.*
Pension Plans

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

Actuarial valuations for the following pension plans are performed every two years using the Entry Age Normal Cost Method. The most recent valuation was performed December 31, 2014. The next scheduled valuation date is December 31, 2016.

Schedule of contributions - FFP & POP

<table>
<thead>
<tr>
<th>Plan</th>
<th>Year</th>
<th>Actuarially determined contributions</th>
<th>Actual contributions</th>
<th>Contribution deficiency (excess)</th>
<th>Covered Employee Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>FFP</td>
<td>2006</td>
<td>$395,775</td>
<td>$744,634</td>
<td>$(348,859)</td>
<td>$1,644,771</td>
</tr>
<tr>
<td></td>
<td>2007</td>
<td>372,881</td>
<td>891,820</td>
<td>$(518,939)</td>
<td>1,350,442</td>
</tr>
<tr>
<td></td>
<td>2008</td>
<td>372,881</td>
<td>1,158,121</td>
<td>(785,240)</td>
<td>1,171,301</td>
</tr>
<tr>
<td></td>
<td>2009</td>
<td>219,490</td>
<td>1,028,402</td>
<td>(808,912)</td>
<td>881,915</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>219,490</td>
<td>628,673</td>
<td>(401,183)</td>
<td>761,841</td>
</tr>
<tr>
<td></td>
<td>2011</td>
<td>100,391</td>
<td>496,590</td>
<td>(396,199)</td>
<td>673,935</td>
</tr>
<tr>
<td></td>
<td>2012</td>
<td>100,391</td>
<td>633,363</td>
<td>(532,972)</td>
<td>479,131</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>73,616</td>
<td>748,604</td>
<td>(674,988)</td>
<td>432,351</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>73,616</td>
<td>807,527</td>
<td>(733,911)</td>
<td>357,440</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>-</td>
<td>784,021</td>
<td>(784,021)</td>
<td>142,115</td>
</tr>
</tbody>
</table>

| POP  | 2006 | $100,937                             | $1,416,813           | $(1,315,876)                     | $1,112,039               |
|      | 2007 | -                                    | 447,709              | (447,709)                        | 915,651                  |
|      | 2008 | -                                    | 64,815               | (64,815)                         | 650,656                  |
|      | 2009 | -                                    | 17,559               | (17,559)                         | 610,356                  |
|      | 2010 | -                                    | 150,745              | (150,745)                        | 396,480                  |
|      | 2011 | -                                    | 73,432               | (73,432)                         | 285,674                  |
|      | 2012 | -                                    | 399,991              | (399,991)                        | 232,874                  |
|      | 2013 | -                                    | 263,344              | (263,344)                        | 245,929                  |
|      | 2014 | -                                    | 338,015              | (338,015)                        | 162,093                  |
|      | 2015 | -                                    | 310,025              | (310,025)                        | 147,835                  |

Actuarial methods and assumptions - FFP & POP

- Valuation date: 12/31/2014
- Actuarial cost method: entry age
- Actuarial asset method: market value
- Assumed composite rate of return: 3.5%
- Projected salary increases: 3.0%
- Cost of living adjustments: 2.5%
- Inflation rate: 2.5%
- Mortality rate - static projection to 2025: RP-2000, scale BB
- Amortization period: closed, 30 years
- Remaining amortization: 14 years
Pension Plans

Firefighters’ (FFP) and Police Officers’ (POP) Pension Plans (continued)

Schedule of investment returns - FFP & POP

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FFP</td>
<td>0.79%</td>
<td>1.09%</td>
<td>-0.05%</td>
<td>1.09%</td>
<td>1.58%</td>
<td>2.19%</td>
<td>2.95%</td>
<td>4.95%</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>POP</td>
<td>0.83%</td>
<td>1.15%</td>
<td>-0.32%</td>
<td>1.01%</td>
<td>1.04%</td>
<td>1.30%</td>
<td>1.64%</td>
<td>5.86%</td>
<td>*</td>
<td>*</td>
</tr>
</tbody>
</table>

* Information is available beginning in 2008.

OPEB

Firefighters’ (FHC) and Police Officers’ (PHC) Health Care Plans

Actuarial valuations for the following OPEB medical and long-term care plans are performed every two years using the Entry Age Normal Cost Method. The most recent valuation was performed December 31, 2014.

Schedule of OPEB funding progress

<table>
<thead>
<tr>
<th>Plan</th>
<th>Valuation date</th>
<th>Actuarial value of plan assets</th>
<th>Actuarial accrued liabilities</th>
<th>Unfunded actuarial accrued liabilities (UAAL)</th>
<th>Funded ratio</th>
<th>Covered payroll</th>
<th>UAAL as a % of covered payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>FHC</td>
<td>12/31/2010</td>
<td>$ 1,713,000</td>
<td>$ 23,929,000</td>
<td>$ 22,216,000</td>
<td>7.2%</td>
<td>$ 761,841</td>
<td>2916.1%</td>
</tr>
<tr>
<td></td>
<td>12/31/2012</td>
<td>2,365,000</td>
<td>24,127,000</td>
<td>21,762,000</td>
<td>9.8%</td>
<td>479,131</td>
<td>4542.0%</td>
</tr>
<tr>
<td></td>
<td>12/31/2014</td>
<td>2,866,000</td>
<td>21,396,000</td>
<td>18,530,000</td>
<td>13.4%</td>
<td>357,440</td>
<td>5184.1%</td>
</tr>
<tr>
<td>PHC</td>
<td>12/31/2010</td>
<td>$ 2,043,000</td>
<td>$ 16,798,000</td>
<td>$ 14,755,000</td>
<td>12.2%</td>
<td>$ 396,480</td>
<td>3721.5%</td>
</tr>
<tr>
<td></td>
<td>12/31/2012</td>
<td>2,172,000</td>
<td>16,445,000</td>
<td>14,273,000</td>
<td>13.2%</td>
<td>232,874</td>
<td>6129.1%</td>
</tr>
<tr>
<td></td>
<td>12/31/2014</td>
<td>2,408,000</td>
<td>14,684,000</td>
<td>12,276,000</td>
<td>16.4%</td>
<td>162,093</td>
<td>7573.4%</td>
</tr>
</tbody>
</table>

* Next valuation scheduled for 12/31/2016.
## Schedule of employer OPEB contributions

<table>
<thead>
<tr>
<th>Plan</th>
<th>Year</th>
<th>Annual required contribution</th>
<th>Employer contributions</th>
<th>Percentage contributed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FHC</strong></td>
<td>2010</td>
<td>$1,400,119</td>
<td>$1,577,876</td>
<td>112.7%</td>
</tr>
<tr>
<td></td>
<td>2011</td>
<td>$1,656,188</td>
<td>$1,740,949</td>
<td>105.1%</td>
</tr>
<tr>
<td></td>
<td>2012</td>
<td>$1,656,188</td>
<td>$1,590,108</td>
<td>96.0%</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>$1,538,195</td>
<td>$1,473,609</td>
<td>95.8%</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>$1,538,195</td>
<td>$1,460,605</td>
<td>95.0%</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>$1,260,718</td>
<td>$1,549,134</td>
<td>122.9%</td>
</tr>
<tr>
<td><strong>PHC</strong></td>
<td>2010</td>
<td>$915,952</td>
<td>$692,509</td>
<td>75.6%</td>
</tr>
<tr>
<td></td>
<td>2011</td>
<td>$1,099,976</td>
<td>$822,505</td>
<td>74.8%</td>
</tr>
<tr>
<td></td>
<td>2012</td>
<td>$1,099,976</td>
<td>$1,085,080</td>
<td>98.6%</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>$1,008,853</td>
<td>$924,273</td>
<td>91.6%</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>$1,008,853</td>
<td>$971,121</td>
<td>96.3%</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>$835,217</td>
<td>$1,061,590</td>
<td>127.1%</td>
</tr>
</tbody>
</table>
## CITY OF BELLINGHAM
### Combining Balance Sheet
#### Nonmajor Governmental Funds
#### December 31, 2015

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Special Revenue Funds</th>
<th>Debt Service Projects Funds</th>
<th>Capital Project Funds</th>
<th>Permanent Funds</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 2,568,918</td>
<td>$ 2,143,098</td>
<td>$ 494,500</td>
<td>$ 941,380</td>
<td>$ 6,147,896</td>
</tr>
<tr>
<td>Investments</td>
<td>11,938,016</td>
<td>417,953</td>
<td>2,372,674</td>
<td>4,516,863</td>
<td>19,245,506</td>
</tr>
<tr>
<td>Receivables, net</td>
<td>93,799</td>
<td>3,927</td>
<td>662</td>
<td>6,653</td>
<td>105,041</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>2,079</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,079</td>
</tr>
<tr>
<td>Due from other governments</td>
<td>482,151</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>482,151</td>
</tr>
<tr>
<td>Due from component units</td>
<td>-</td>
<td>6,711,415</td>
<td>-</td>
<td>1,590,131</td>
<td>8,301,546</td>
</tr>
<tr>
<td>Interfund loans receivable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,971,781</td>
<td>2,971,781</td>
</tr>
<tr>
<td>Prepaid items</td>
<td>51,160</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>51,160</td>
</tr>
<tr>
<td>Special assessments receivable</td>
<td>-</td>
<td>52,234</td>
<td>-</td>
<td>-</td>
<td>52,234</td>
</tr>
<tr>
<td>Notes and contracts receivable</td>
<td>17,986,916</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17,986,916</td>
</tr>
<tr>
<td>Restricted:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>44,890</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>44,890</td>
</tr>
<tr>
<td>Investments</td>
<td>215,388</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>215,388</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>33,383,317</strong></td>
<td><strong>9,328,627</strong></td>
<td><strong>2,867,836</strong></td>
<td><strong>10,026,808</strong></td>
<td><strong>55,606,588</strong></td>
</tr>
</tbody>
</table>

| LIABILITIES                 |                       |                             |                       |                |            |
| Accounts payable            | 1,760,396             | -                          | -                     | -              | 1,760,396  |
| Accrued wages and benefits  | 208,308               | -                          | -                     | -              | 208,308    |
| Due to other funds          | 243,092               | -                          | -                     | -              | 243,092    |
| Unearned revenue            | 45,178                | -                          | 650                   | 6,532          | 52,360     |
| **Total liabilities**       | **2,256,974**         | -                          | 650                   | 6,532          | **2,264,156** |

| DEFERRED INFLOW OF RESOURCES|                       |                             |                       |                |            |
| Special assessments received in advance | -                     | 52,234                     | -                     | -              | 52,234     |
| **Total deferred inflow of resources** | -                     | 52,234                     | -                     | -              | 52,234     |

| FUND BALANCES                |                       |                             |                       |                |            |
| Nonspendable                | 51,160                | -                          | -                     | 9,493,936      | 9,545,096  |
| Restricted                  | 31,075,183            | 9,276,393                  | 2,867,186             | 526,340        | 43,745,102 |
| **Total fund balances**     | **31,126,343**        | **9,276,393**              | **2,867,186**         | **10,020,276** | **53,290,198** |

| Total liabilities, deferred inflow of resources and fund balances | $ 33,383,317 | $ 9,328,627 | $ 2,867,836 | $ 10,026,808 | $ 55,606,588 |
### CITY OF BELLINGHAM

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th>Special Revenue Funds</th>
<th>Debt Service Funds</th>
<th>Capital Projects Funds</th>
<th>Permanent Funds</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Taxes:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td>$ 3,000,342</td>
<td>$ 42,442</td>
<td>$ 425,051</td>
<td>$ 3,467,835</td>
</tr>
<tr>
<td>Sales and use</td>
<td>6,377,888</td>
<td>1,030,283</td>
<td></td>
<td>7,408,171</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>428,238</td>
<td>-</td>
<td>-</td>
<td>428,238</td>
</tr>
<tr>
<td>Intergovernmental revenues</td>
<td>3,957,469</td>
<td>-</td>
<td>-</td>
<td>3,957,469</td>
</tr>
<tr>
<td>Charges for services</td>
<td>3,373,926</td>
<td>377,584</td>
<td>-</td>
<td>3,751,510</td>
</tr>
<tr>
<td>Fines and penalties</td>
<td>-</td>
<td>72</td>
<td>-</td>
<td>72</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>633,812</td>
<td>657,900</td>
<td>10,132</td>
<td>68,804</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>17,771,675</td>
<td>1,035,556</td>
<td>1,082,857</td>
<td>493,855</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public safety</td>
<td>5,215,669</td>
<td>-</td>
<td>-</td>
<td>5,215,669</td>
</tr>
<tr>
<td>Transportation</td>
<td>1,675,868</td>
<td>-</td>
<td>-</td>
<td>1,675,868</td>
</tr>
<tr>
<td>Natural and economic environment</td>
<td>3,943,899</td>
<td>-</td>
<td>2,084</td>
<td>3,945,983</td>
</tr>
<tr>
<td>Cultural and recreation</td>
<td>60,746</td>
<td>-</td>
<td>7,448</td>
<td>68,194</td>
</tr>
<tr>
<td><strong>Debt service:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>-</td>
<td>1,396,604</td>
<td>-</td>
<td>1,396,604</td>
</tr>
<tr>
<td>Interest and other charges</td>
<td>-</td>
<td>475,680</td>
<td>-</td>
<td>475,680</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>4,515,844</td>
<td>-</td>
<td>-</td>
<td>4,515,844</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>15,412,026</td>
<td>1,872,284</td>
<td>-</td>
<td>9,532</td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenues</strong></td>
<td>2,359,649</td>
<td>(836,728)</td>
<td>1,082,857</td>
<td>484,323</td>
</tr>
<tr>
<td><strong>Other Financing Sources (Uses)</strong></td>
<td>260,110</td>
<td>953,801</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net change in fund balances</strong></td>
<td>2,619,759</td>
<td>117,073</td>
<td>1,082,857</td>
<td>484,323</td>
</tr>
<tr>
<td><strong>Fund balances - beginning</strong></td>
<td>28,506,584</td>
<td>9,159,320</td>
<td>9,535,953</td>
<td>48,986,186</td>
</tr>
<tr>
<td><strong>Fund balances - ending</strong></td>
<td>$ 31,126,343</td>
<td>$ 9,276,393</td>
<td>$ 2,667,186</td>
<td>$ 10,020,276</td>
</tr>
</tbody>
</table>

6-2
SPECIAL REVENUE FUNDS

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

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

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

150's - Police Special Purpose

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

152 – Asset Forfeiture/Drug Enforcement
Proceeds of seizures are deposited into this fund. Used exclusively for expansion of narcotics enforcement services. Established by Ordinance 9894 and amended by Ordinance 10624.

153 – Criminal Justice

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

161 – Transportation Benefit District
A voter approved 0.2% sales tax that began in April of 2011, and runs for ten years. Funds are used to pay for Sunday bus service in Bellingham and maintain and build transportation infrastructure. Established by Ordinance 2011-02-006.
162 – Public, Education and Government Access Television
Created to account for revenues and expenses related to the operation of public, education and government access television. Funded by a portion of the revenue received from Comcast’s cable television franchise agreement. Established by Ordinance 2011-12-076.

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

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

190 – HUD Grants
Federal grant revenue dedicated to upgrade neighborhoods, expand affordable housing choices, assist community social service agencies, address basic human needs and create employment opportunities for individuals with low and moderate incomes.
City of Bellingham  
Combining Balance Sheet  
Non-Major Special Revenue Funds  
December 31, 2015

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Cash and cash equivalents</th>
<th>$80,861</th>
<th>$84,697</th>
<th>$88,607</th>
<th>$89,132</th>
<th>$722,715</th>
<th>$656,223</th>
<th>$205,789</th>
<th>$140,386</th>
<th>$500,508</th>
<th>-</th>
<th>$2,568,918</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Receivables, net</td>
<td>-</td>
<td>-</td>
<td>45,296</td>
<td>2,450</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>46,053</td>
<td>-</td>
<td>93,799</td>
</tr>
<tr>
<td></td>
<td>Due from other funds</td>
<td>-</td>
<td>467</td>
<td>-</td>
<td>-</td>
<td>1,612</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,079</td>
</tr>
<tr>
<td></td>
<td>Due from other governments</td>
<td>-</td>
<td>-</td>
<td>143,003</td>
<td>-</td>
<td>23,848</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>315,300</td>
<td>-</td>
<td>482,151</td>
</tr>
<tr>
<td></td>
<td>Prepaid items</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>51,160</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>51,160</td>
</tr>
<tr>
<td></td>
<td>Notes and contracts receivable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,578,610</td>
<td>14,408,306</td>
<td>17,986,916</td>
<td>78,452</td>
<td>490,199</td>
</tr>
<tr>
<td></td>
<td>Restricted</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>44,890</td>
<td>-</td>
<td>-</td>
<td>44,890</td>
</tr>
<tr>
<td></td>
<td>Cash and cash equivalents</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>215,388</td>
<td>-</td>
<td>-</td>
<td>215,388</td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td>80,861</td>
<td>491,551</td>
<td>702,053</td>
<td>519,247</td>
<td>4,214,243</td>
<td>3,857,640</td>
<td>1,193,191</td>
<td>813,975</td>
<td>6,786,950</td>
<td>14,723,606</td>
<td>33,383,317</td>
</tr>
</tbody>
</table>

| LIABILITIES | Accounts payable | 2,409 | - | 160,384 | 14,807 | 27,272 | 482,454 | 4,952 | 46,001 | 812,719 | 209,398 | 1,760,396 |
|             | Accrued wages and benefits | - | 1,352 | - | - | 196,277 | - | 10,126 | 553 | - | 208,308 |
|             | Due to other funds | - | - | 36,386 | 69,458 | - | 6,423 | - | - | 130,825 | 243,092 |
|             | Unearned revenue | - | - | - | - | - | - | - | 45,178 | - | 45,178 |
| Total liabilities | | 2,409 | 1,352 | 196,770 | 84,265 | 223,549 | 488,877 | 15,078 | 46,554 | 857,897 | 340,223 | 2,256,974 |

| FUND BALANCES | Nonspendable | - | - | - | - | - | 51,160 | - | - | - | - | - |
|               | Restricted   | 78,452 | 490,199 | 505,283 | 434,982 | 3,990,694 | 3,317,603 | 1,178,113 | 767,421 | 5,929,053 | 14,383,383 | 31,075,183 |
| Total fund balances | 78,452 | 490,199 | 505,283 | 434,982 | 3,990,694 | 3,317,603 | 1,178,113 | 767,421 | 5,929,053 | 14,383,383 | 31,126,343 |
| Total liabilities and fund balances | 80,861 | 491,551 | 702,053 | 519,247 | 4,214,243 | 3,857,640 | 1,193,191 | 813,975 | 6,786,950 | 14,723,606 | 33,383,317 |
## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Non-Major Special Revenue Funds

For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>EXPENDITURES</th>
<th>OTHER FINANCING SOURCES (USES)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Taxes:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td>$ - $ - $</td>
<td></td>
</tr>
<tr>
<td>Sales and use</td>
<td>- - -</td>
<td>4,903,512</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>- - -</td>
<td>428,238</td>
</tr>
<tr>
<td>Intergovernmental revenues</td>
<td>- - 292,488</td>
<td>1,978,844</td>
</tr>
<tr>
<td>Charges for services</td>
<td>- -</td>
<td>3,243,726</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>57,567</td>
<td></td>
</tr>
<tr>
<td>Total revenues</td>
<td><strong>57,567</strong></td>
<td><strong>169,704</strong></td>
</tr>
<tr>
<td><strong>Current:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public safety</td>
<td>- - -</td>
<td>374,555</td>
</tr>
<tr>
<td>Transportation</td>
<td>- -</td>
<td>1,675,868</td>
</tr>
<tr>
<td>Natural and economic environment</td>
<td>- 24,544</td>
<td>359,939</td>
</tr>
<tr>
<td>Cultural and recreation</td>
<td>60,746</td>
<td></td>
</tr>
<tr>
<td>Capital outlay</td>
<td>- -</td>
<td>88,818</td>
</tr>
<tr>
<td>Total expenditures</td>
<td><strong>60,746</strong></td>
<td><strong>873,401</strong></td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over (under) expenditures</td>
<td>(3,179)</td>
<td>701,717</td>
</tr>
<tr>
<td><strong>Other financing sources (uses):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td>- - 10,110</td>
<td>400,000</td>
</tr>
<tr>
<td>Transfers out</td>
<td>- -</td>
<td>(150,000)</td>
</tr>
<tr>
<td>Total other financing sources (uses)</td>
<td>- -</td>
<td>(150,000)</td>
</tr>
<tr>
<td>Net change in fund balances</td>
<td>(3,179)</td>
<td>701,717</td>
</tr>
<tr>
<td>Fund balances - beginning</td>
<td>81,631</td>
<td>175,977</td>
</tr>
<tr>
<td>Fund balances - ending</td>
<td>$78,452</td>
<td><strong>587,787</strong></td>
</tr>
</tbody>
</table>

CITY OF BELLINGHAM

- **6-6**
### CITY OF BELLINGHAM

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual GAAP Basis

Library Gift Fund

For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial Budgeted Amounts</th>
<th>2015 Actual Amounts</th>
<th>Variance with Original Final Basis</th>
<th>Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td>GAAP Basis</td>
<td>Final</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>$ 50,000</td>
<td>$ 50,000</td>
<td>$ 57,567</td>
<td>$ 7,567</td>
</tr>
<tr>
<td>Total revenues</td>
<td>50,000</td>
<td>50,000</td>
<td>57,567</td>
<td>7,567</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cultural and recreation</td>
<td>52,272</td>
<td>87,272</td>
<td>60,746</td>
<td>26,526</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>52,272</td>
<td>87,272</td>
<td>60,746</td>
<td>26,526</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over (under) expenditures</td>
<td>(2,272)</td>
<td>(37,272)</td>
<td>(3,179)</td>
<td>34,093</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total other financing sources (uses)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net change in fund balance</td>
<td>(2,272)</td>
<td>(37,272)</td>
<td>(3,179)</td>
<td>34,093</td>
</tr>
<tr>
<td>Fund balance - beginning</td>
<td>6,000</td>
<td>81,631</td>
<td>81,631</td>
<td>-</td>
</tr>
<tr>
<td>Fund balance - ending</td>
<td>$ 3,728</td>
<td>$ 44,359</td>
<td>$ 78,452</td>
<td>$ 34,093</td>
</tr>
<tr>
<td></td>
<td>2015-2016 Biennial</td>
<td>2015</td>
<td>Variance with Final Budget</td>
<td></td>
</tr>
<tr>
<td>-----------------------------</td>
<td>--------------------</td>
<td>---------------</td>
<td>---------------------------</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td>GAAP Basis</td>
<td></td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>$6,706</td>
<td>$6,706</td>
<td>$4,114</td>
<td>$ (2,592)</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>6,706</td>
<td>6,706</td>
<td>4,114</td>
<td>(2,592)</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural and economic environment</td>
<td>49,939</td>
<td>72,034</td>
<td>24,544</td>
<td>47,490</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>49,939</td>
<td>72,034</td>
<td>24,544</td>
<td>47,490</td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenues over (under) expenditures</strong></td>
<td>(43,233)</td>
<td>(65,328)</td>
<td>(20,430)</td>
<td>44,898</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td>-</td>
<td>20,508</td>
<td>10,110</td>
<td>(10,398)</td>
</tr>
<tr>
<td><strong>Total other financing sources (uses)</strong></td>
<td>-</td>
<td>20,508</td>
<td>10,110</td>
<td>(10,398)</td>
</tr>
<tr>
<td>Net change in fund balance</td>
<td>(43,233)</td>
<td>(44,820)</td>
<td>(10,320)</td>
<td>34,500</td>
</tr>
<tr>
<td>Fund balance - beginning</td>
<td>503,477</td>
<td>504,373</td>
<td>500,519</td>
<td>(3,854)</td>
</tr>
<tr>
<td>Fund balance - ending</td>
<td>$460,244</td>
<td>$459,553</td>
<td>$490,199</td>
<td>$30,646</td>
</tr>
</tbody>
</table>
# Schedule of Revenues, Expenditures and Changes in Fund Balance

**Budget and Actual GAAP Basis**

**Environmental Remediation Fund**

For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial</th>
<th>2015</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted Amounts</td>
<td>Actual</td>
<td>GAAP Basis</td>
</tr>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td>GAAP Basis</td>
</tr>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental revenues</td>
<td>$2,666,815</td>
<td>$5,110,886</td>
<td>$292,488</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>7,584</td>
<td>1,221,967</td>
<td>169,704</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>2,674,399</td>
<td>6,332,853</td>
<td>462,192</td>
</tr>
<tr>
<td>EXPENDITURES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural and economic environment</td>
<td>4,639,288</td>
<td>7,339,762</td>
<td>873,401</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>4,639,288</td>
<td>7,339,762</td>
<td>873,401</td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenues over (under) expenditures</strong></td>
<td>(1,964,889)</td>
<td>(1,006,909)</td>
<td>(411,209)</td>
</tr>
<tr>
<td>OTHER FINANCING SOURCES (USES)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td>800,000</td>
<td>800,000</td>
<td>400,000</td>
</tr>
<tr>
<td><strong>Total other financing sources (uses)</strong></td>
<td>800,000</td>
<td>800,000</td>
<td>400,000</td>
</tr>
<tr>
<td>Net change in fund balance</td>
<td>(1,164,889)</td>
<td>(206,909)</td>
<td>(11,209)</td>
</tr>
<tr>
<td>Fund balance - beginning</td>
<td>1,259,202</td>
<td>343,109</td>
<td>516,492</td>
</tr>
<tr>
<td>Fund balance - ending</td>
<td>$ 94,313</td>
<td>$136,200</td>
<td>$505,283</td>
</tr>
</tbody>
</table>
### CITY OF BELLINGHAM

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

**Budget and Actual GAAP Basis**

**Police Special Purpose Funds**

*For the Year Ended December 31, 2015*

<table>
<thead>
<tr>
<th>2015-2016 Biennial Budgeted Amounts</th>
<th>2015 Actual Amounts</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original</td>
<td>Final</td>
<td>GAAP Basis</td>
</tr>
</tbody>
</table>

#### REVENUES

- **Intergovernmental revenues**: $753,268 $ | $753,268 $ | $390,831 $ | $(362,437)$
- **Miscellaneous revenues**: $100,022 | $100,022 | $44,235 | $(55,787)$

**Total revenues**: $853,290 $ | $853,290 $ | $435,066 | $(418,224)$

#### EXPENDITURES

**Current:**

- **Public safety**: $808,011 | $839,152 | $374,555 | $464,597
- **Capital outlay**: $36,000 | $36,000 | $88,818 | $(52,818)$

**Total expenditures**: $844,011 | $875,152 | $463,373 | $411,779

**Excess (deficiency) of revenues over (under) expenditures**: $9,279 | $(21,862) | $(28,307) | $(6,445)$

#### OTHER FINANCING SOURCES (USES)

- **Total other financing sources (uses)**: -

**Net change in fund balances**: $9,279 | $(21,862) | $(28,307) | $(6,445)$

**Fund balances - beginning**: $381,738 | $472,625 | $463,289 | $(9,336)$

**Fund balances - ending**: $391,017 | $450,763 | $434,982 | $(15,781)$
## City of Bellingham

### Schedule of Revenues, Expenditures and Changes in Fund Balance

**Budget and Actual GAAP Basis**

**Public Safety Dispatch Fund**

*For the Year Ended December 31, 2015*

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted Amounts</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental revenues</td>
<td>$3,800,000</td>
<td>$3,800,000</td>
</tr>
<tr>
<td>Charges for services</td>
<td>6,577,315</td>
<td>6,577,315</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>33,516</td>
<td>33,516</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>10,410,831</td>
<td>10,410,831</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public safety</td>
<td>9,722,517</td>
<td>9,982,934</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>2,750,000</td>
<td>2,832,953</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>12,472,517</td>
<td>12,815,887</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over (under) expenditures</td>
<td>$(2,061,686)</td>
<td>$(2,405,056)</td>
</tr>
<tr>
<td><strong>Other Financing Sources (Uses)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total other financing sources (uses)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net change in fund balance</strong></td>
<td>$(2,061,686)</td>
<td>$(2,405,056)</td>
</tr>
<tr>
<td>Fund balance - beginning</td>
<td>3,021,060</td>
<td>3,714,220</td>
</tr>
<tr>
<td>Fund balance - ending</td>
<td>$959,374</td>
<td>$1,309,164</td>
</tr>
</tbody>
</table>
### CITY OF BELLINGHAM

#### Schedule of Revenues, Expenditures and Changes in Fund Balance

**Budget and Actual GAAP Basis**

**Transportation Benefit District Fund**

**For the Year Ended December 31, 2015**

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial Budgeted Amounts</th>
<th>2015 Actual Amounts</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td>GAAP Basis</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and use</td>
<td>$9,328,800</td>
<td>$9,328,800</td>
<td>$4,903,512</td>
</tr>
<tr>
<td>Intergovernmental revenues</td>
<td>60,000</td>
<td>61,189</td>
<td>1,189</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>24,488</td>
<td>24,488</td>
<td>22,042</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>9,353,288</td>
<td>9,413,288</td>
<td>4,986,743</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation</td>
<td>3,016,899</td>
<td>3,016,899</td>
<td>1,675,868</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>6,420,000</td>
<td>8,849,523</td>
<td>2,557,410</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>9,436,899</td>
<td>11,866,422</td>
<td>4,233,278</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over (under) expenditures</td>
<td>(83,611)</td>
<td>(2,453,134)</td>
<td>753,465</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total other financing sources (uses)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net change in fund balance</strong></td>
<td>(83,611)</td>
<td>(2,453,134)</td>
<td>753,465</td>
</tr>
<tr>
<td><strong>Fund balance - beginning</strong></td>
<td>845,370</td>
<td>2,687,917</td>
<td>2,615,298</td>
</tr>
<tr>
<td><strong>Fund balance - ending</strong></td>
<td>$761,759</td>
<td>$234,783</td>
<td>$3,368,763</td>
</tr>
</tbody>
</table>

*For the Year Ended December 31, 2015*
# Schedule of Revenues, Expenditures and Changes in Fund Balance

## Budget and Actual GAAP Basis

### Public, Education and Government Access Television Fund

For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>$ 768,000</td>
<td>$ 676,000</td>
</tr>
<tr>
<td>Charges for services</td>
<td>4,162</td>
<td>4,162</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>241,726</td>
<td>241,726</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>1,013,888</td>
<td>921,888</td>
</tr>
</tbody>
</table>

| **EXPENDITURES**          |          |       |            |              |
| Current:                  |          |       |            |              |
| Natural and economic environment | 745,622 | 787,651 | 359,939 | 427,712 |
| Capital outlay            | 201,000  | 201,000 | -         | 201,000     |
| **Total expenditures**    | 946,622  | 988,651 | 359,939   | 628,712     |

| Excess (deficiency) of revenues over (under) expenditures | 67,266 | (66,763) | 199,031 | 265,794 |

### OTHER FINANCING SOURCES (USES)

| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balance           | 67,266 | (66,763) | 199,031 | 265,794 |

| Fund balance - beginning             | 898,000 | 986,815 | 979,082 | (7,733) |
| Fund balance - ending                | $ 965,266 | $ 920,052 | $ 1,178,113 | $ 258,061 |
## Schedule of Revenues, Expenditures and Changes in Fund Balance

### Budget and Actual GAAP Basis

#### Tourism Fund

For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th>2015-2016 Biennial Budgeted Amounts</th>
<th>2015 Actual Amounts</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original</td>
<td>Final</td>
<td>GAAP Basis</td>
</tr>
</tbody>
</table>

### REVENUES

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and use tax</td>
<td>$2,760,300</td>
<td>$2,875,800</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>$6,028</td>
<td></td>
</tr>
<tr>
<td>Total revenues</td>
<td>$2,766,328</td>
<td>$2,881,828</td>
</tr>
</tbody>
</table>

### EXPENDITURES

#### Current:

<table>
<thead>
<tr>
<th>Description</th>
<th>2015-2016 Biennial</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural and economic environment</td>
<td>$2,772,486</td>
<td>$3,086,807</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>$2,772,486</td>
<td>$3,086,807</td>
</tr>
</tbody>
</table>

#### Excess (deficiency) of revenues over (under) expenditures

<table>
<thead>
<tr>
<th>Description</th>
<th>2015-2016 Biennial</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess (deficiency) of revenues over (under) expenditures</td>
<td>$(6,158)</td>
<td>$(204,979)</td>
</tr>
</tbody>
</table>

### OTHER FINANCING SOURCES (USES)

<table>
<thead>
<tr>
<th>Description</th>
<th>2015-2016 Biennial</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers out</td>
<td>$(300,000)</td>
<td>$(300,000)</td>
</tr>
<tr>
<td>Total other financing sources (uses)</td>
<td>$(300,000)</td>
<td>$(300,000)</td>
</tr>
</tbody>
</table>

#### Net change in fund balance

<table>
<thead>
<tr>
<th>Description</th>
<th>2015-2016 Biennial</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net change in fund balance</td>
<td>$(306,158)</td>
<td>$(504,979)</td>
</tr>
</tbody>
</table>

#### Fund balance - beginning

<table>
<thead>
<tr>
<th>Description</th>
<th>2015-2016 Biennial</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund balance - beginning</td>
<td>$507,397</td>
<td>$597,397</td>
</tr>
</tbody>
</table>

### Fund balance - ending

<table>
<thead>
<tr>
<th>Description</th>
<th>2015-2016 Biennial</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund balance - ending</td>
<td>$201,239</td>
<td>$92,418</td>
</tr>
</tbody>
</table>
### Schedule of Revenues, Expenditures and Changes in Fund Balance

**Budget and Actual GAAP Basis**

**Low Income Housing Fund**

**For the Year Ended December 31, 2015**

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial Budgeted Amounts</th>
<th>2015 Actual Amounts with GAAP Basis Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>$ 6,000,000</td>
<td>$ 6,000,000</td>
</tr>
<tr>
<td>Charges for services</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>40,114</td>
<td>40,114</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>6,040,114</td>
<td>6,040,114</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural and economic environment</td>
<td>7,820,262</td>
<td>8,368,082</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>7,820,262</td>
<td>8,368,082</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over (under) expenditures</td>
<td>(1,780,148)</td>
<td>(2,327,968)</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total other financing sources (uses)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net change in fund balance</td>
<td>(1,780,148)</td>
<td>(2,327,968)</td>
</tr>
<tr>
<td>Fund balance - beginning</td>
<td>1,979,943</td>
<td>4,285,755</td>
</tr>
<tr>
<td>Fund balance - ending</td>
<td>$ 199,795</td>
<td>$ 1,957,787</td>
</tr>
</tbody>
</table>
## Schedule of Revenues, Expenditures and Changes in Fund Balances

### Budget and Actual GAAP Basis

**HUD Grant Funds**

**For the Year Ended December 31, 2015**

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted Amounts</td>
<td>Amounts</td>
</tr>
<tr>
<td></td>
<td>Original Final</td>
<td>GAAP Basis</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental revenues</td>
<td>$ 5,472,269</td>
<td>$ 5,782,227</td>
</tr>
<tr>
<td>Charges for services</td>
<td>529,254</td>
<td>529,254</td>
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<tr>
<td>Miscellaneous revenues</td>
<td>140,990</td>
<td>140,990</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>6,142,513</td>
<td>6,452,471</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural and economic environment</td>
<td>6,142,513</td>
<td>6,452,471</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>6,142,513</td>
<td>6,452,471</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over (under) expenditures</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total other financing sources (uses)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net change in fund balances</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fund balances - beginning</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fund balances - ending</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
### 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, 2015**

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial</th>
<th>Actual</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted Amounts</td>
<td>Amounts</td>
<td>GAAP Basis</td>
</tr>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td></td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td>$ 6,000,000</td>
<td>$ 6,000,000</td>
<td>$ 3,000,342</td>
</tr>
<tr>
<td>Sales and use</td>
<td>12,089,100</td>
<td>12,204,600</td>
<td>6,377,888</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>768,000</td>
<td>676,000</td>
<td>428,238</td>
</tr>
<tr>
<td>Intergovernmental revenues</td>
<td>12,692,352</td>
<td>15,506,381</td>
<td>3,957,469</td>
</tr>
<tr>
<td>Charges for services</td>
<td>7,110,731</td>
<td>7,110,731</td>
<td>3,373,926</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>651,174</td>
<td>1,865,557</td>
<td>633,812</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>39,311,357</td>
<td>43,363,269</td>
<td>17,771,675</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public safety</td>
<td>10,530,528</td>
<td>10,822,086</td>
<td>5,215,669</td>
</tr>
<tr>
<td>Transportation</td>
<td>3,016,899</td>
<td>3,016,899</td>
<td>1,675,868</td>
</tr>
<tr>
<td>Natural and economic environment</td>
<td>22,170,110</td>
<td>26,106,807</td>
<td>3,943,899</td>
</tr>
<tr>
<td>Cultural and recreation</td>
<td>52,272</td>
<td>87,272</td>
<td>60,746</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>9,407,000</td>
<td>11,919,476</td>
<td>4,515,844</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>45,176,809</td>
<td>51,952,540</td>
<td>15,412,026</td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenues over (under) expenditures</strong></td>
<td>(5,865,452)</td>
<td>(8,589,271)</td>
<td>2,359,649</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td>800,000</td>
<td>820,508</td>
<td>410,110</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(300,000)</td>
<td>(300,000)</td>
<td>(150,000)</td>
</tr>
<tr>
<td><strong>Total other financing sources (uses)</strong></td>
<td>500,000</td>
<td>520,508</td>
<td>260,110</td>
</tr>
<tr>
<td><strong>Net change in fund balances</strong></td>
<td>(5,365,452)</td>
<td>(8,068,763)</td>
<td>2,619,759</td>
</tr>
<tr>
<td><strong>Fund balances - beginning</strong></td>
<td>$ 9,402,187</td>
<td>$ 13,673,842</td>
<td>$ 28,506,584</td>
</tr>
<tr>
<td><strong>Fund balances - ending</strong></td>
<td>$ 4,036,735</td>
<td>$ 5,605,079</td>
<td>$ 31,126,343</td>
</tr>
</tbody>
</table>
FUNDS CONSOLIDATED WITH 001-GENERAL FUND GASB STATEMENT NO. 54 FOR REPORTING

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

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

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 per lot in subdivisions that do not dedicate or set aside property for park purposes. Established by Ordinance 8414.

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

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

141 – First ¼% Real Estate Excise Tax
Proceeds from this tax fund construction, repair, replacement, rehabilitation, or improvement projects as authorized by RCW 82.46.010. Established by Ordinance 9270 and amended by Ordinance 10273.

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

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 million. 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.
## REVENUES

<table>
<thead>
<tr>
<th>Tax Category</th>
<th>Original</th>
<th>Final</th>
<th>Legal Basis</th>
<th>Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Taxes:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td>$27,953,916</td>
<td>$27,953,916</td>
<td>$14,179,751</td>
<td>$(13,774,165)</td>
</tr>
<tr>
<td>Sales and use</td>
<td>28,258,700</td>
<td>28,643,200</td>
<td>14,543,599</td>
<td>(14,099,601)</td>
</tr>
<tr>
<td>Business</td>
<td>59,800,620</td>
<td>59,800,620</td>
<td>29,884,433</td>
<td>(29,916,187)</td>
</tr>
<tr>
<td>Other</td>
<td>1,960,000</td>
<td>1,960,000</td>
<td>1,023,206</td>
<td>(936,794)</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>1,637,142</td>
<td>1,729,142</td>
<td>852,970</td>
<td>(876,172)</td>
</tr>
<tr>
<td>Intergovernmental revenue</td>
<td>1,795,150</td>
<td>2,147,488</td>
<td>1,628,319</td>
<td>(519,169)</td>
</tr>
<tr>
<td>Charges for services</td>
<td>16,060,174</td>
<td>16,467,660</td>
<td>9,080,655</td>
<td>(7,387,005)</td>
</tr>
<tr>
<td>Fines and penalties</td>
<td>2,552,589</td>
<td>2,172,113</td>
<td>985,824</td>
<td>(1,186,289)</td>
</tr>
<tr>
<td>Miscellaneous revenue</td>
<td>1,398,016</td>
<td>1,433,016</td>
<td>981,874</td>
<td>(451,142)</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>141,416,307</td>
<td>142,307,155</td>
<td>73,160,631</td>
<td>(69,146,524)</td>
</tr>
</tbody>
</table>

## EXPENDITURES

<table>
<thead>
<tr>
<th>Category</th>
<th>Original</th>
<th>Final</th>
<th>Legal Basis</th>
<th>Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government services</td>
<td>27,845,435</td>
<td>28,260,936</td>
<td>13,108,669</td>
<td>15,152,267</td>
</tr>
<tr>
<td>Public safety</td>
<td>74,842,838</td>
<td>75,802,173</td>
<td>36,829,426</td>
<td>38,972,747</td>
</tr>
<tr>
<td>Natural and economic environment</td>
<td>7,068,526</td>
<td>7,280,110</td>
<td>3,220,328</td>
<td>4,059,782</td>
</tr>
<tr>
<td>Social Services</td>
<td>340,685</td>
<td>368,083</td>
<td>154,472</td>
<td>213,611</td>
</tr>
<tr>
<td>Cultural and recreation</td>
<td>26,927,509</td>
<td>27,126,409</td>
<td>12,808,400</td>
<td>14,318,009</td>
</tr>
<tr>
<td><strong>Debt service:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>428,527</td>
<td>428,527</td>
<td>-</td>
<td>428,527</td>
</tr>
<tr>
<td>Interest and other charges</td>
<td>14,789</td>
<td>14,789</td>
<td>8,293</td>
<td>6,496</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>68,318</td>
<td>1,454,873</td>
<td>1,463,685</td>
<td>(8,812)</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>137,536,627</td>
<td>140,735,900</td>
<td>67,593,273</td>
<td>73,142,627</td>
</tr>
</tbody>
</table>

**Excess (deficiency) of revenues over (under) expenditures**: 3,879,680 1,571,255 5,567,358 3,996,103

## OTHER FINANCING SOURCES (USES)

<table>
<thead>
<tr>
<th>Source</th>
<th>Original</th>
<th>Final</th>
<th>Legal Basis</th>
<th>Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transfers in</strong></td>
<td>300,000</td>
<td>300,000</td>
<td>150,000</td>
<td>(150,000)</td>
</tr>
<tr>
<td><strong>Transfers out</strong></td>
<td>(5,300,888)</td>
<td>(5,300,888)</td>
<td>(2,682,604)</td>
<td>2,618,284</td>
</tr>
<tr>
<td><strong>Total other financing sources and (uses)</strong></td>
<td>(5,000,888)</td>
<td>(5,000,888)</td>
<td>(2,532,604)</td>
<td>2,468,284</td>
</tr>
</tbody>
</table>

**Net change in fund balances**: (1,121,208) (3,429,633) 3,034,754 6,464,387

**Fund balances - beginning**: 14,153,483 17,725,097 17,523,800 (201,297)

**Fund balances - ending**: $13,032,275 $14,295,464 $20,558,554 $6,263,090
## CITY OF BELLINGHAM
### Statement of Revenues, Expenditures and Changes in Fund Balance
### Budget and Actual Legal Basis
### Street Fund
### For the Year Ended December 31, 2015

### REVENUES

<table>
<thead>
<tr>
<th>Taxes:</th>
<th>2015-2016 Biennial</th>
<th>2015 Actual</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted Amounts</td>
<td>Actual</td>
<td>Legal Basis</td>
</tr>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td></td>
</tr>
<tr>
<td><strong>Taxes:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 4,221</td>
</tr>
<tr>
<td>Sales and use</td>
<td>15,099,500</td>
<td>15,200,500</td>
<td>7,741,093</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>122,000</td>
<td>122,000</td>
<td>3,410</td>
</tr>
<tr>
<td>Intergovernmental revenue</td>
<td>8,317,000</td>
<td>22,612,413</td>
<td>8,185,959</td>
</tr>
<tr>
<td>Charges for services</td>
<td>2,502,335</td>
<td>2,567,335</td>
<td>1,577,117</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>479,360</td>
<td>479,360</td>
<td>213,856</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>26,520,195</td>
<td>40,981,608</td>
<td>17,725,656</td>
</tr>
</tbody>
</table>

### EXPENDITURES

<table>
<thead>
<tr>
<th>Current:</th>
<th>2015 Actual</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>General government services</td>
<td>398,599</td>
<td>7,167</td>
</tr>
<tr>
<td>Transportation</td>
<td>15,742,209</td>
<td>11,246,702</td>
</tr>
<tr>
<td>Natural and economic environment</td>
<td>253,213</td>
<td>311,341</td>
</tr>
<tr>
<td>Debt service:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and other charges</td>
<td>-</td>
<td>35,418</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>10,282,000</td>
<td>11,418,811</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>26,676,021</td>
<td>23,019,439</td>
</tr>
</tbody>
</table>

**Excess (deficiency) of revenues over (under) expenditures**

(155,826) (12,120,918) (5,293,783) 6,827,135

### OTHER FINANCING SOURCES (USES)

| General long-term debt proceeds | - | 3,500,000 | 3,205,000 | (295,000) |
| Premiums on bonds sold          | - | - | 330,418 | 330,418 |
| Transfers in                    | - | 38,697 | 19,055 | (19,642) |
| Transfers out                   | (476,165) | (924,030) | (281,229) | 642,801 |
| **Total other financing sources (uses)** | (476,165) | 2,614,667 | 3,273,244 | 658,577 |

**Net change in fund balances**

(631,991) (9,506,251) (2,020,539) 7,485,712

**Fund balance - beginning**

2,641,413 10,243,819 10,809,247 565,428

**Fund balance - ending**

$ 2,009,422 $ 737,568 $ 8,788,708 $ 8,051,140
### CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual Legal Basis
Paths and Trails Reserve Fund
For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial</th>
<th>Actual</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td>Legal Basis</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental revenue</td>
<td>$15,500</td>
<td>$15,500</td>
<td>$21,238</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>620</td>
<td>620</td>
<td>123</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>16,120</td>
<td>16,120</td>
<td>21,361</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation</td>
<td>1,175</td>
<td>1,175</td>
<td>588</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>1,175</td>
<td>1,175</td>
<td>588</td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenues over (under) expenditures</strong></td>
<td>14,945</td>
<td>14,945</td>
<td>20,773</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General long-term debt proceeds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premiums on bonds sold</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers out</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total other financing sources (uses)</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net change in fund balance</strong></td>
<td>14,945</td>
<td>14,945</td>
<td>20,773</td>
</tr>
<tr>
<td>Fund balance - beginning</td>
<td>31,119</td>
<td>31,635</td>
<td>31,394</td>
</tr>
<tr>
<td>Fund balance - ending</td>
<td>$46,064</td>
<td>$46,580</td>
<td>$52,167</td>
</tr>
</tbody>
</table>
CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual Legal Basis
Park Site Acquisition Fund
For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial Budgeted Amounts</th>
<th>2015 Actual Amounts</th>
<th>Variance with Final Legal Basis</th>
<th>Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td>Legal Basis</td>
<td>Final</td>
</tr>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>$4,162</td>
<td>$719</td>
<td>$1,310</td>
<td>$591</td>
</tr>
<tr>
<td>Total revenues</td>
<td>4,162</td>
<td>719</td>
<td>1,310</td>
<td>591</td>
</tr>
<tr>
<td>EXPENDITURES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cultural and recreation</td>
<td>1,428</td>
<td>741</td>
<td>185</td>
<td>556</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>-</td>
<td>143,868</td>
<td>143,915</td>
<td>(47)</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>1,428</td>
<td>144,609</td>
<td>144,100</td>
<td>509</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over (under) expenditures</td>
<td>2,734</td>
<td>(143,890)</td>
<td>(142,790)</td>
<td>1,100</td>
</tr>
<tr>
<td>OTHER FINANCING SOURCES (USES)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General long-term debt proceeds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premiums on bonds sold</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers out</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total other financing sources (uses)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net change in fund balance</td>
<td>2,734</td>
<td>(143,890)</td>
<td>(142,790)</td>
<td>1,100</td>
</tr>
<tr>
<td>Fund balance - beginning</td>
<td>114,053</td>
<td>143,890</td>
<td>142,790</td>
<td>(1,100)</td>
</tr>
<tr>
<td>Fund balance - ending</td>
<td>$116,787</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
</tbody>
</table>
## CITY OF BELLINGHAM
### Schedule of Revenues, Expenditures and Changes in Fund Balance
#### Budget and Actual Legal Basis
##### Federal Building Fund
##### For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>2015-2016 Biennial Budgeted Amounts</th>
<th>2015 Actual Amounts</th>
<th>Variance with Legal Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td>Legal Basis</td>
</tr>
<tr>
<td>Intergovernmental revenues</td>
<td>$991,900</td>
<td>$991,900</td>
<td>$-</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>7,656</td>
<td>7,656</td>
<td>17,581</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>999,556</td>
<td>999,556</td>
<td>17,581</td>
</tr>
</tbody>
</table>

### EXPENDITURES

**Current:**
- General government: $2,388,257, $2,507,361, $2,195,197, 312,164
- **Total expenditures**: $2,388,257, $2,507,361, $2,195,197, 312,164
- **Excess (deficiency) of revenues over (under) expenditures**: $(1,388,701), $(1,507,805), $(2,177,616), $(669,811)

### OTHER FINANCING SOURCES (USES)
- General long-term debt proceeds
- Premiums on bonds sold
- Transfers in: $1,082,267, 1,082,267, 1,002,000, (80,267)
- **Total other financing sources (uses)**: $1,082,267, 1,082,267, 1,002,000, (80,267)
- **Net change in fund balance**: $(306,434), $(425,538), $(1,175,616), $(750,078)
- Fund balance - beginning: $385,132, 1,919,276, 1,904,302, (14,974)
- Fund balance - ending: $78,698, 1,493,738, 728,686, $(765,052)
CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual Legal Basis
Olympic - Whatcom Falls Park Addition
For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial Budgeted Amounts</th>
<th>2015 Actual Amounts</th>
<th>Variance with Final Legal Basis</th>
<th>Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td>Legal Basis</td>
<td></td>
</tr>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>$4,396</td>
<td>$4,396</td>
<td>$2,054</td>
<td>$(2,342)</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>$4,396</td>
<td>$4,396</td>
<td>$2,054</td>
<td>$(2,342)</td>
</tr>
<tr>
<td>EXPENDITURES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cultural and recreation</td>
<td>1,175</td>
<td>1,175</td>
<td>588</td>
<td>587</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>-</td>
<td>206,569</td>
<td>9,690</td>
<td>196,879</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>1,175</td>
<td>207,744</td>
<td>10,278</td>
<td>197,466</td>
</tr>
<tr>
<td>Excess (deficiency)</td>
<td>3,221</td>
<td>$(203,348)</td>
<td>$(8,224)</td>
<td>195,124</td>
</tr>
<tr>
<td>of revenues over (under) expenditures</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OTHER FINANCING SOURCES (USES)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General long-term debt proceeds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premiums on bonds sold</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers out</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total other financing sources (uses)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net change in fund balance</strong></td>
<td>3,221</td>
<td>$(203,348)</td>
<td>$(8,224)</td>
<td>195,124</td>
</tr>
<tr>
<td>Fund balance - beginning</td>
<td>44,988</td>
<td>250,834</td>
<td>248,918</td>
<td>(1,916)</td>
</tr>
<tr>
<td><strong>Fund balance - ending</strong></td>
<td>$48,209</td>
<td>$47,486</td>
<td>$240,694</td>
<td>$193,208</td>
</tr>
</tbody>
</table>
## CITY OF BELLINGHAM
### Schedule of Revenues, Expenditures and Changes in Fund Balances
#### Budget and Actual Legal Basis
##### First 1/4% Real Estate Excise Tax Fund
For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>2015-2016 Biennial Budgeted Amounts</th>
<th>2015 Actual Amounts</th>
<th>Variance with Legal Basis</th>
<th>Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real estate excise tax (REET)</td>
<td>$ 2,131,500</td>
<td>$ 2,450,000</td>
<td>$ 1,831,921</td>
<td>$ (618,079)</td>
</tr>
<tr>
<td>Intergovernmental revenue</td>
<td>-</td>
<td>622,893</td>
<td>17,495</td>
<td>(605,398)</td>
</tr>
<tr>
<td>Charges for services</td>
<td>-</td>
<td>-</td>
<td>12,318</td>
<td>12,318</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>52,232</td>
<td>52,232</td>
<td>29,963</td>
<td>(22,269)</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>2,183,732</td>
<td>3,125,125</td>
<td>1,891,697</td>
<td>(1,233,428)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENDITURES</th>
<th>Current:</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>General government services</td>
<td>33,020</td>
<td>33,020</td>
<td>17,314</td>
</tr>
<tr>
<td></td>
<td>Cultural and recreation</td>
<td>200,000</td>
<td>207,118</td>
<td>73,670</td>
</tr>
<tr>
<td></td>
<td>Capital outlay</td>
<td>2,480,147</td>
<td>5,697,986</td>
<td>451,811</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>2,713,167</td>
<td>5,938,124</td>
<td>542,795</td>
<td>5,395,329</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over (under) expenditures</td>
<td>(529,435)</td>
<td>(2,812,999)</td>
<td>1,348,902</td>
<td>4,161,901</td>
</tr>
</tbody>
</table>

| OTHER FINANCING SOURCES (USES) | | | | |
| General long-term debt proceeds | | | | |
| Premiums on bonds sold | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| **Total other financing sources (uses)** | - | - | - | - |
| Net change in fund balances | (529,435) | (2,812,999) | 1,348,902 | 4,161,901 |

| Fund balances - beginning | 1,201,946 | 4,132,160 | 4,100,698 | (31,462) |
| Fund balances - ending | $ 672,511 | $ 1,319,161 | $ 5,449,600 | $ 4,130,439 |

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CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual Legal Basis
Second 1/4% Real Estate Excise Tax Fund
For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial Budgeted Amounts</th>
<th>Actual Amounts</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td>Legal Basis</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real estate excise tax (REET)</td>
<td>$2,131,500</td>
<td>$2,450,000</td>
<td>$1,831,921</td>
</tr>
<tr>
<td>Intergovernmental revenue</td>
<td>40,000</td>
<td>121,849</td>
<td>127,504</td>
</tr>
<tr>
<td>Charges for services</td>
<td>-</td>
<td>-</td>
<td>20,000</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>41,670</td>
<td>41,670</td>
<td>31,340</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>2,213,170</td>
<td>2,613,519</td>
<td>2,010,765</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government services</td>
<td>198,702</td>
<td>198,702</td>
<td>36,556</td>
</tr>
<tr>
<td>Natural and economic environment</td>
<td>-</td>
<td>1,180</td>
<td>-</td>
</tr>
<tr>
<td>Cultural and recreation</td>
<td>55,000</td>
<td>80,210</td>
<td>41,029</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>125,000</td>
<td>1,309,343</td>
<td>192,645</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>378,702</td>
<td>1,589,435</td>
<td>270,230</td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenues over (under) expenditures</strong></td>
<td>1,834,468</td>
<td>1,024,084</td>
<td>1,740,535</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General long-term debt proceeds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premiums on bonds sold</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td>(1,953,930)</td>
<td>(1,953,930)</td>
<td>(1,317,229)</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(1,953,930)</td>
<td>(1,953,930)</td>
<td>(1,317,229)</td>
</tr>
<tr>
<td><strong>Total other financing sources (uses)</strong></td>
<td>(1,953,930)</td>
<td>(1,953,930)</td>
<td>(1,317,229)</td>
</tr>
<tr>
<td>Net change in fund balances</td>
<td>(119,462)</td>
<td>(929,846)</td>
<td>423,306</td>
</tr>
<tr>
<td>Fund balances - beginning</td>
<td>2,559,568</td>
<td>3,213,211</td>
<td>3,267,385</td>
</tr>
<tr>
<td>Fund balances - ending</td>
<td>$2,440,106</td>
<td>$2,283,365</td>
<td>$3,690,691</td>
</tr>
</tbody>
</table>
### CITY OF BELLINGHAM
### Schedule of Revenues, Expenditures and Changes in Fund Balance
### Budget and Actual Legal Basis
### Beyond Greenway Levy Fund
### For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial</th>
<th>2015</th>
<th>Variance with</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted Amounts</td>
<td>Actual Amounts</td>
<td>Legal Basis</td>
</tr>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td></td>
</tr>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>$20,858</td>
<td>$10,429</td>
<td>$2,217</td>
</tr>
<tr>
<td>Total revenues</td>
<td>20,858</td>
<td>10,429</td>
<td>2,217</td>
</tr>
<tr>
<td>EXPENDITURES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cultural and recreation</td>
<td>55,361</td>
<td>25,650</td>
<td>11,258</td>
</tr>
<tr>
<td>Capital outlay</td>
<td></td>
<td>109,132</td>
<td>113,366</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>55,361</td>
<td>134,782</td>
<td>124,624</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over (under) expenditures</td>
<td>$(34,503)</td>
<td>$(124,353)</td>
<td>$(122,407)</td>
</tr>
<tr>
<td>OTHER FINANCING SOURCES (USES)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General long-term debt proceeds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premiums on bonds sold</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers out</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total other financing sources (uses)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net change in fund balance</td>
<td>(34,503)</td>
<td>(124,353)</td>
<td>(122,407)</td>
</tr>
<tr>
<td>Fund balance - beginning</td>
<td>300,000</td>
<td>124,353</td>
<td>122,407</td>
</tr>
<tr>
<td>Fund balance - ending</td>
<td>$265,497</td>
<td>$ -</td>
<td>$ -</td>
</tr>
</tbody>
</table>
### REVENUES

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial Budgeted Amounts</th>
<th>Actual Amounts</th>
<th>Variance with Legal Basis</th>
<th>Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>$ 8,442,000</td>
<td>$ 8,442,000</td>
<td>$ 4,297,736</td>
<td>(4,144,264)</td>
</tr>
<tr>
<td>Intergovernmental revenue</td>
<td>-</td>
<td>942,422</td>
<td>367,512</td>
<td>(574,910)</td>
</tr>
<tr>
<td>Fines and penalties</td>
<td>-</td>
<td>-</td>
<td>475</td>
<td>475</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>83,430</td>
<td>83,430</td>
<td>122,195</td>
<td>38,765</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>$ 8,525,430</td>
<td>$ 9,467,852</td>
<td>$ 4,787,918</td>
<td>(4,679,934)</td>
</tr>
</tbody>
</table>

### EXPENDITURES

**Current:**
- Cultural and recreation: $574,289, $575,629, $312,802, $262,827

**Debt service:**
- Interest and other debt service cost: -
- Capital outlay: $9,090,339, $16,918,250, $6,200,627, $10,717,623

**Total expenditures**: $9,664,628, $17,493,879, $6,538,888, $10,954,991

**Excess (deficiency) of revenues over (under) expenditures**: $(1,139,198), $(8,026,027), $(1,750,970), $6,275,057

### OTHER FINANCING SOURCES (USES)

- General long-term debt proceeds
- Premiums on bonds sold
- Transfers in
- Transfers out

**Total other financing sources (uses)**: -

**Net change in fund balance**: $(1,139,198), $(8,026,027), $(1,750,970), $6,275,057

**Fund balance - beginning**: $1,857,548, $8,212,551, $4,963,041, $(3,249,510)

**Fund balance - ending**: $718,350, $186,524, $3,212,071, $3,025,547
## CITY OF BELLINGHAM
### Schedule of Revenues, Expenditures and Changes in Fund Balance
#### Budget and Actual Legal Basis
##### Park Impact Fees Fund
For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th>2015-2016 Biennial Budgeted Amounts</th>
<th>2015 Actual Amounts</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
</tr>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental revenue</td>
<td>$ -</td>
<td>$ 796,377</td>
</tr>
<tr>
<td>Charges for services</td>
<td>836,360</td>
<td>836,360</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>46,576</td>
<td>46,576</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td><strong>882,936</strong></td>
<td><strong>1,679,313</strong></td>
</tr>
<tr>
<td>EXPENDITURES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cultural and recreation</td>
<td>74,487</td>
<td>74,487</td>
</tr>
<tr>
<td>Debt service:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital outlay</td>
<td>2,590,366</td>
<td>5,072,560</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td><strong>2,664,853</strong></td>
<td><strong>5,147,047</strong></td>
</tr>
<tr>
<td>Excess (deficiency) of revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>over (under) expenditures</td>
<td>(1,781,917)</td>
<td>(3,467,734)</td>
</tr>
<tr>
<td>OTHER FINANCING SOURCES (USES)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General long-term debt proceeds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premiums on bonds sold</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers out</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total other financing sources (uses)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net change in fund balance</td>
<td>(1,781,917)</td>
<td>(3,467,734)</td>
</tr>
<tr>
<td>Fund balance - beginning</td>
<td>2,141,904</td>
<td>4,984,228</td>
</tr>
<tr>
<td>Fund balance - ending</td>
<td>$ 359,987</td>
<td>$ 1,516,494</td>
</tr>
</tbody>
</table>
### Schedule of Revenues, Expenditures and Changes in Fund Balance

**Budget and Actual Legal Basis**

**Sportsplex Fund**

**For the Year Ended December 31, 2015**

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial Budgeted Amounts</th>
<th>Actual Amounts</th>
<th>Variance with Legal Basis</th>
<th>Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>$ 2,854</td>
<td>$ 2,854</td>
<td>$ 1,172</td>
<td>$(1,682)</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>$ 2,854</td>
<td>$ 2,854</td>
<td>$ 1,172</td>
<td>$(1,682)</td>
</tr>
</tbody>
</table>

| **EXPENDITURES**        |                       |               |                           |              |
| Total expenditures      | -                     | -             | -                         | -            |
| Excess (deficiency) of revenues over (under) expenditures | $ 2,854 | $ 2,854 | $ 1,172 | $(1,682) |

| **OTHER FINANCING SOURCES (USES)** |                       |               |                           |              |
| General long-term debt proceeds |                       |               |                           |              |
| Premiums on bonds sold        |                       |               |                           |              |
| Transfers in                  | -                     | -             | -                         | -            |
| Transfers out                 | -                     | -             | -                         | -            |
| **Total other financing sources (uses)** | - | - | - | - |
| Net change in fund balance   | $ 2,854 | $ 2,854 | $ 1,172 | $(1,682) |

| Fund balance - beginning    | 44,762                 | 44,930        | 43,657                    | $(1,273)     |
| Fund balance - ending       | $ 47,616               | $ 47,784      | $ 44,829                  | $(2,955)     |
### REVENUES

#### Taxes:

<table>
<thead>
<tr>
<th>Description</th>
<th>Original</th>
<th>Final</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property</td>
<td>$36,395,916</td>
<td>$36,395,916</td>
<td>$18,481,708</td>
</tr>
<tr>
<td>Sales and use</td>
<td>43,358,200</td>
<td>43,843,700</td>
<td>-22,284,692</td>
</tr>
<tr>
<td>Real estate excise tax (REET)</td>
<td>4,263,000</td>
<td>4,900,000</td>
<td>-3,663,842</td>
</tr>
<tr>
<td>Business</td>
<td>59,800,620</td>
<td>59,800,620</td>
<td>29,884,433</td>
</tr>
<tr>
<td>Other</td>
<td>1,960,000</td>
<td>1,960,000</td>
<td>1,023,206</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>1,759,142</td>
<td>1,851,142</td>
<td>856,380</td>
</tr>
<tr>
<td>Intergovernmental revenue</td>
<td>11,159,550</td>
<td>28,250,842</td>
<td>11,035,575</td>
</tr>
<tr>
<td>Charges for services</td>
<td>19,398,869</td>
<td>19,871,355</td>
<td>13,133,808</td>
</tr>
<tr>
<td>Fines and penalties</td>
<td>2,552,589</td>
<td>2,172,113</td>
<td>986,299</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>2,141,830</td>
<td>2,162,958</td>
<td>-1,441,395</td>
</tr>
</tbody>
</table>

**Total revenues** | $182,789,716 | $201,208,646 | -102,791,338 | (98,417,308) |

### EXPENDITURES

#### Current:

<table>
<thead>
<tr>
<th>Description</th>
<th>Original</th>
<th>Final</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>General government services</td>
<td>30,864,013</td>
<td>31,103,955</td>
<td>15,364,903</td>
</tr>
<tr>
<td>Public safety</td>
<td>74,842,838</td>
<td>75,802,173</td>
<td>36,829,426</td>
</tr>
<tr>
<td>Transportation</td>
<td>15,743,384</td>
<td>21,074,685</td>
<td>11,247,290</td>
</tr>
<tr>
<td>Economic environment</td>
<td>7,321,739</td>
<td>7,974,156</td>
<td>3,531,669</td>
</tr>
<tr>
<td>Mental and physical health</td>
<td>340,685</td>
<td>366,083</td>
<td>154,472</td>
</tr>
<tr>
<td>Cultural and recreation</td>
<td>27,889,249</td>
<td>28,091,419</td>
<td>13,269,867</td>
</tr>
</tbody>
</table>

**Total expenditures** | $182,081,394 | $227,002,582 | -102,317,264 | 124,685,318 |

#### Debt service:

- Redemption of general long-term debt: 428,527 (428,527) -428,527
- Interest and other debt service cost: 14,789 (14,789) -69,170 (54,381)

**Capital outlay** | $24,636,170 | $62,144,795 | $21,850,467 | 40,294,328 |

**Total expenses** | $182,081,394 | $227,002,582 | -102,317,264 | 124,685,318 |

#### Excess (deficiency) of revenues over (under) expenditures

<table>
<thead>
<tr>
<th>Description</th>
<th>Original</th>
<th>Final</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess (deficiency) of revenues over (under)</td>
<td>708,322</td>
<td>(25,793,936)</td>
<td>-474,074</td>
</tr>
</tbody>
</table>

### OTHER FINANCING SOURCES (USES)

<table>
<thead>
<tr>
<th>Description</th>
<th>Original</th>
<th>Final</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>General long-term debt proceeds</td>
<td>-</td>
<td>3,500,000</td>
<td>3,205,000</td>
</tr>
<tr>
<td>Premiums on bonds sold</td>
<td>-</td>
<td>-</td>
<td>330,418</td>
</tr>
<tr>
<td>Transfers in</td>
<td>1,382,267</td>
<td>1,429,964</td>
<td>1,171,055</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(7,730,983)</td>
<td>(6,178,848)</td>
<td>(4,281,062)</td>
</tr>
</tbody>
</table>

**Total other financing sources (uses)** | (6,348,716) | (3,257,884) | 425,411 | 3,683,295 |

**Net change in fund balances** | (5,640,394) | (29,051,820) | 899,485 | 29,951,305 |

**Fund balances - beginning** | 25,475,916 | 51,025,984 | -48,399,473 | (2,626,511) |

**Fund balances - ending** | $19,835,522 | $21,974,164 | - $49,298,956 | $27,324,794 |
DEBT SERVICE FUNDS

224 – 2004 Sportsplex LTGO Bond
$4,315,000 to finance the cost of acquiring the Sportsplex building, an indoor ice-rink and soccer facility. These facilities are leased to the Whatcom Soccer Commission. Established by Ordinance 2004-02-011. This bond was refunded by the 2012 refunding bond.

225 – 2004 PFD/Civic Field LTGO Bond
$16,375,000 to finance the cost of development of a regional center, improvements to the City-owned civic field complex, and the refunding of the 1996 aquatic facility bonds. Established by Ordinance 2004-12-093. This bond was refunded by the 2012 refunding bond.

226 – 2011 Qualified Energy Conservation Bond (QECB)
$6,480,000 to finance the costs of improvements in over 20 City-owned municipal buildings. These bonds are term bonds, principal is due in full at the maturity date. The City is accumulating money in this fund to make the principal payment in 2025. Established by Ordinance 2011-12-077.

231 – Drake Note
$225,000 for the Big Rock Garden Nursery. Established by Ordinances 10347, 48, 49 and 10378.

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

245 – Local Improvement District (LID) Guaranty
The guaranty fund assures that payments on individual LID’s will be made on time if collections from district property holders are insufficient. Property in arrears is foreclosed and the proceeds deposited to the guaranty fund. The balance in the guaranty fund is maintained at twelve percent of the combined assessments in the LID funds. The LID guaranty fund was established by Ordinance 4764. When an LID bond’s final debt service payment has been made to the fiscal agent, and there are still collections due from the property owners, these LIDs are moved to the guaranty fund until the remainder of collections from district property holders are complete.
## CITY OF BELLINGHAM
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2004</th>
<th>2011</th>
<th>2011</th>
<th>Governmental</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sportsplex</td>
<td>PFD/Civic</td>
<td>LTGO Bond</td>
<td>LTGO Field LTGO Bond</td>
<td>QEC Bond</td>
</tr>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$23,990</td>
<td>$-</td>
<td>$2,032,001</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables, net</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from component units</td>
<td></td>
<td>6,711,415</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special assessment receivables</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>$23,990</td>
<td>6,711,415</td>
<td>$2,032,001</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LIABILITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEFERRED INFLOW OF RESOURCES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special assessments received in advance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total deferred inflow of resources</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total liabilities, deferred inflow of resources and fund balances</td>
<td>$23,990</td>
<td>$6,711,415</td>
<td>$2,032,001</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## CITY OF BELLINGHAM

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Nonmajor Debt Service Funds**

**For the Year Ended December 31, 2015**

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2004</th>
<th>2011</th>
<th>Governmental</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sportsplex PFD/Civic</td>
<td>LTGO Field LTGO</td>
<td>QEC Bond</td>
<td>Drake Note</td>
</tr>
<tr>
<td></td>
<td>Bond</td>
<td>Bond</td>
<td>Bond</td>
<td>Bond</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 377,584</td>
<td>$ -</td>
</tr>
<tr>
<td>Fines and penalties</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>261,715</td>
<td>315,563</td>
<td>3,113</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>261,715</td>
<td>315,563</td>
<td>380,697</td>
<td>-</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt service:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>160,000</td>
<td>950,000</td>
<td>-</td>
<td>10,615</td>
</tr>
<tr>
<td>Interest and other charges</td>
<td>101,335</td>
<td>324,377</td>
<td>-</td>
<td>7,349</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>261,335</td>
<td>1,274,377</td>
<td>-</td>
<td>17,964</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over (under) expenditures</td>
<td>380</td>
<td>(958,814)</td>
<td>380,697</td>
<td>(17,964)</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td>-</td>
<td>617,229</td>
<td>-</td>
<td>17,964</td>
</tr>
<tr>
<td><strong>Total other financing sources (uses)</strong></td>
<td>-</td>
<td>617,229</td>
<td>-</td>
<td>17,964</td>
</tr>
<tr>
<td>Net change in fund balances</td>
<td>380</td>
<td>(341,585)</td>
<td>380,697</td>
<td>-</td>
</tr>
<tr>
<td><strong>Fund balances - beginning</strong></td>
<td>23,610</td>
<td>7,053,000</td>
<td>1,651,304</td>
<td>-</td>
</tr>
<tr>
<td><strong>Fund balances - ending</strong></td>
<td>$ 23,990</td>
<td>$6,711,415</td>
<td>$2,032,001</td>
<td>$ -</td>
</tr>
</tbody>
</table>

6-36
## Schedule of Revenues, Expenditures and Changes in Fund Balance
### Budget and Actual GAAP Basis
#### 2004 Sportsplex LTGO Bond Fund
For the Year Ended December 31, 2015

### REVENUES

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial</th>
<th>2015 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted Amounts</td>
<td>Actual Amounts</td>
</tr>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>$ 571,238</td>
<td>$ 571,238</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>$ 571,238</td>
<td>$ 571,238</td>
</tr>
</tbody>
</table>

### EXPENDITURES

#### Debt service:

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial</th>
<th>2015 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted Amounts</td>
<td>Actual Amounts</td>
</tr>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
</tr>
<tr>
<td>Principal</td>
<td>330,000</td>
<td>330,000</td>
</tr>
<tr>
<td>Interest and other charges</td>
<td>198,476</td>
<td>198,476</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>528,476</td>
<td>528,476</td>
</tr>
</tbody>
</table>

#### Excess (deficiency) of revenues over (under) expenditures

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial</th>
<th>2015 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted Amounts</td>
<td>Actual Amounts</td>
</tr>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
</tr>
<tr>
<td>Excess (deficiency)</td>
<td>42,762</td>
<td>42,762</td>
</tr>
</tbody>
</table>

### OTHER FINANCING SOURCES (USES)

#### Total other financing sources (uses)

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial</th>
<th>2015 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted Amounts</td>
<td>Actual Amounts</td>
</tr>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
</tr>
<tr>
<td>Net change in fund balance</td>
<td>42,762</td>
<td>42,762</td>
</tr>
</tbody>
</table>

| Fund balance - beginning | 23,185 | 23,609 | 23,610 | 1 |
| Fund balance - ending    | $ 65,947 | $ 66,371 | $ 23,990 | $ (42,381) |
## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual GAAP Basis

2004 PFD/Civic Field LTGO Bond Fund

For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial Budgeted Amounts</th>
<th>2015 Actual Amounts GAAP Basis</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td></td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>$1,336,996</td>
<td>$1,336,996</td>
<td>$315,563</td>
</tr>
<tr>
<td>Total revenues</td>
<td>1,336,996</td>
<td>1,336,996</td>
<td>315,563</td>
</tr>
</tbody>
</table>

| **EXPENDITURES**       |                                     |                                 |                             |
| Debt service:          |                                     |                                 |                             |
| Principal              | 2,023,660                           | 2,023,660                       | 950,000                     |
| Interest and other charges | 567,266                            | 567,266                         | 324,377                     |
| Total expenditures     | 2,590,926                           | 2,590,926                       | 1,274,377                   |

| Excess (deficiency) of revenues over (under) expenditures | (1,253,930) | (1,253,930) | (958,814) | 295,116 |

| **OTHER FINANCING SOURCES (USES)** |                                     |                                 |                             |
| Transfers in            | 1,253,930                           | 1,253,930                       | 617,229                     |
| Total other financing sources (uses) | 1,253,930                           | 1,253,930                       | 617,229                     |

| Net change in fund balance | -                                   | -                               | (341,585)                   |
| Fund balance - beginning | -                                   | -                               | 7,053,000                   |
| Fund balance - ending    | $                                   | $                               | $6,711,415                  | $6,711,415 |
## REVENUES

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial Budgeted Amounts</th>
<th>2015 Actual Amounts</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td>GAAP Basis</td>
</tr>
<tr>
<td>Charges for services</td>
<td>$771,434</td>
<td>$771,434</td>
<td>$377,584</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>37,082</td>
<td>37,082</td>
<td>3,113</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>808,516</td>
<td>808,516</td>
<td>380,697</td>
</tr>
</tbody>
</table>

## EXPENDITURES

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial Budgeted Amounts</th>
<th>2015 Actual Amounts</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td>GAAP Basis</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over (under) expenditures</td>
<td>808,516</td>
<td>808,516</td>
<td>380,697</td>
</tr>
</tbody>
</table>

## OTHER FINANCING SOURCES (USES)

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial Budgeted Amounts</th>
<th>2015 Actual Amounts</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td>GAAP Basis</td>
</tr>
<tr>
<td>Total other financing sources (uses)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net change in fund balance</td>
<td>808,516</td>
<td>808,516</td>
<td>380,697</td>
</tr>
<tr>
<td>Fund balance - beginning</td>
<td>1,683,142</td>
<td>1,651,304</td>
<td>1,651,304</td>
</tr>
<tr>
<td>Fund balance - ending</td>
<td>$2,491,658</td>
<td>$2,459,820</td>
<td>$2,032,001</td>
</tr>
<tr>
<td></td>
<td>2015-2016 Biennal Budgeted Amounts</td>
<td>2015 Actual Amounts</td>
<td>Variance with Final Budget</td>
</tr>
<tr>
<td>----------------------</td>
<td>-----------------------------------</td>
<td>---------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td>GAAP Basis</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenues</td>
<td>$</td>
<td>-</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt service:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>21,997</td>
<td>21,997</td>
<td>10,615</td>
</tr>
<tr>
<td>Interest and other charges</td>
<td>13,931</td>
<td>13,931</td>
<td>7,349</td>
</tr>
<tr>
<td>Component unit debt contingency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total expenditures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over (under) expenditures</td>
<td>(35,928)</td>
<td>(35,928)</td>
<td>(17,964)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td>35,928</td>
<td>35,928</td>
<td>17,964</td>
</tr>
<tr>
<td>Total other financing sources (uses)</td>
<td>35,928</td>
<td>35,928</td>
<td>17,964</td>
</tr>
<tr>
<td>Net change in fund balance</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fund balance - beginning</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fund balance - ending</td>
<td>$</td>
<td>-</td>
<td>$</td>
</tr>
</tbody>
</table>
### CITY OF BELLINGHAM
Schedule of Revenues, Expenditures and Changes in Fund Balances
**Budget and Actual GAAP Basis**
**Governmental Debt Service Fund**
For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial Budgeted Amounts</th>
<th>2015 Actual Amounts</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td>GAAP Basis</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt service:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>634,860</td>
<td>634,860</td>
<td>275,989</td>
</tr>
<tr>
<td>Interest and other charges</td>
<td>18,896</td>
<td>78,896</td>
<td>42,619</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>653,756</td>
<td>713,756</td>
<td>318,608</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues</td>
<td>(653,756)</td>
<td>(713,756)</td>
<td>(318,608)</td>
</tr>
<tr>
<td>over (under) expenditures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td>653,756</td>
<td>713,756</td>
<td>318,608</td>
</tr>
<tr>
<td>Total other financing sources (uses)</td>
<td>653,756</td>
<td>713,756</td>
<td>318,608</td>
</tr>
<tr>
<td>Net change in fund balance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund balance - beginning</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund balance - ending</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td></td>
<td>2015-2016 Biennial Budgeted Amounts</td>
<td>2015 Actual Amounts</td>
<td>Variance with Final Budget</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-------------------------------------</td>
<td>---------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td>GAAP Basis</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fines and penalties</td>
<td>$</td>
<td>- $</td>
<td>- $</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>5,868</td>
<td>5,868</td>
<td>77,509</td>
</tr>
<tr>
<td>Total revenues</td>
<td>5,868</td>
<td>5,868</td>
<td>77,581</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total expenditures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over (under) expenditures</td>
<td>5,868</td>
<td>5,868</td>
<td>77,581</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total other financing sources (uses)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net change in fund balance</td>
<td>5,868</td>
<td>5,868</td>
<td>77,581</td>
</tr>
<tr>
<td>Fund balance - beginning</td>
<td>7,001</td>
<td>427,069</td>
<td>431,406</td>
</tr>
<tr>
<td>Fund balance - ending</td>
<td>$ 12,869</td>
<td>$ 432,937</td>
<td>$ 508,987</td>
</tr>
</tbody>
</table>
## Schedule of Revenues, Expenditures and Changes in Fund Balances

### Budget and Actual GAAP Basis

#### Debt Service Funds

For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th>2015-2016 Budgeted Amounts</th>
<th>2015 Actual Amounts</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Original</strong></td>
<td><strong>Final</strong></td>
<td><strong>GAAP Basis</strong></td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$ 771,434 $</td>
<td>$ 771,434</td>
</tr>
<tr>
<td>Fines and penalties</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>1,951,184</td>
<td>1,951,184</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>2,722,618</td>
<td>2,722,618</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt service:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>3,010,517</td>
<td>3,010,517</td>
</tr>
<tr>
<td>Interest and other charges</td>
<td>798,569</td>
<td>858,569</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>3,809,086</td>
<td>3,869,086</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over (under) expenditures</td>
<td>(1,086,468)</td>
<td>(1,146,468)</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td>1,943,614</td>
<td>2,003,614</td>
</tr>
<tr>
<td><strong>Total other financing sources (uses)</strong></td>
<td>1,943,614</td>
<td>2,003,614</td>
</tr>
<tr>
<td>Net change in fund balances</td>
<td>857,146</td>
<td>857,146</td>
</tr>
<tr>
<td>Fund balances - beginning</td>
<td>1,713,328</td>
<td>2,101,982</td>
</tr>
<tr>
<td>Fund balances - ending</td>
<td>$ 2,570,474</td>
<td>$ 2,959,128</td>
</tr>
</tbody>
</table>
CAPITAL PROJECTS FUND

371-Waterfront Construction #1

Accounts for Local Infrastructure Financing Tool (LIFT) revenue received from the state for up to twenty-five years. The funds are to be spent on public infrastructure projects within the Revenue Development Area - the Waterfront District. Established by Ordinance 2013-12-098.
### CITY OF BELLINGHAM
Balance Sheet
Capital Projects Fund
December 31, 2015

<table>
<thead>
<tr>
<th>Waterfront Construction #1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
</tr>
<tr>
<td>Investments</td>
</tr>
<tr>
<td>Receivable, net</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
</tr>
<tr>
<td>Unearned revenue</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
</tr>
<tr>
<td><strong>FUND BALANCE</strong></td>
</tr>
<tr>
<td>Restricted</td>
</tr>
<tr>
<td><strong>Total fund balance</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and fund balance</strong></td>
</tr>
</tbody>
</table>

6-46
CITY OF BELLINGHAM
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Capital Projects Fund
For the Year Ended December 31, 2015

Waterfront
Construction #1

REVENUES

Taxes:
- Property $42,442
- Sales and use 1,030,283
- Miscellaneous revenues 10,132
- Total revenues 1,082,857

EXPENDITURES

- Total expenditures -
  - Excess (deficiency) of revenues over (under) expenditures 1,082,857

OTHER FINANCING SOURCES (USES)

- Total other financing sources (uses) -
- Net change in fund balance 1,082,857

Fund balance - beginning 1,784,329
Fund balance - ending $2,867,186
<table>
<thead>
<tr>
<th>Project Authorized through 2016</th>
<th>Prior Actual</th>
<th>Current Actual</th>
<th>Total To Date Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td>$3,126,253</td>
<td>$1,789,090</td>
<td>$42,442</td>
</tr>
<tr>
<td>Sales and use</td>
<td>-</td>
<td>1,030,283</td>
<td>1,030,283</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>22,044</td>
<td>(4,761)</td>
<td>10,132</td>
</tr>
<tr>
<td>Total revenues</td>
<td>3,148,297</td>
<td>1,784,329</td>
<td>1,082,857</td>
</tr>
<tr>
<td>EXPENDITURES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total expenditures</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over (under) expenditures</td>
<td>3,148,297</td>
<td>1,784,329</td>
<td>1,082,857</td>
</tr>
<tr>
<td>OTHER FINANCING SOURCES (USES)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total other financing sources (uses)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net change in fund balance</td>
<td>3,148,297</td>
<td>1,784,329</td>
<td>1,082,857</td>
</tr>
<tr>
<td>Fund balance - beginning</td>
<td>762,743</td>
<td>485,450</td>
<td>1,784,329</td>
</tr>
<tr>
<td>Fund balance - ending</td>
<td>$3,911,040</td>
<td>$2,269,779</td>
<td>$2,867,186</td>
</tr>
</tbody>
</table>
PERMANENT FUNDS

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

702 – Natural Resource Protection and Restoration
This permanent fund was created in 2004 to account for the $4 million settlement passed on by the State as a part of the Olympic Pipeline Settlement. The principal cannot be spent for 50 years. Interest earnings will be spent on protection and restoration projects. Established by Ordinance 2004-01-001.
### CITY OF BELLINGHAM
Combining Balance Sheet
Nonmajor Permanent Funds
For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>Greenways Maintenance Endowment</th>
<th>Natural Resource Protection &amp; Restoration</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 437,404</td>
<td>$ 503,976</td>
<td>$ 941,380</td>
</tr>
<tr>
<td>Investments</td>
<td>2,098,720</td>
<td>2,418,143</td>
<td>4,516,863</td>
</tr>
<tr>
<td>Receivables, net</td>
<td>6,653</td>
<td>-</td>
<td>6,653</td>
</tr>
<tr>
<td>Due from component units</td>
<td>-</td>
<td>1,590,131</td>
<td>1,590,131</td>
</tr>
<tr>
<td>Interfund loans receivable</td>
<td>2,971,781</td>
<td>-</td>
<td>2,971,781</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>5,514,558</td>
<td>4,512,250</td>
<td>10,026,808</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>6,532</td>
<td>-</td>
<td>6,532</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>6,532</td>
<td>-</td>
<td>6,532</td>
</tr>
<tr>
<td><strong>FUND BALANCES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonspendable</td>
<td>5,493,936</td>
<td>4,000,000</td>
<td>9,493,936</td>
</tr>
<tr>
<td>Restricted</td>
<td>14,090</td>
<td>512,250</td>
<td>526,340</td>
</tr>
<tr>
<td><strong>Total fund balances</strong></td>
<td>5,508,026</td>
<td>4,512,250</td>
<td>10,020,276</td>
</tr>
<tr>
<td><strong>Total liabilities and fund balances</strong></td>
<td>$ 5,514,558</td>
<td>$ 4,512,250</td>
<td>$ 10,026,808</td>
</tr>
<tr>
<td></td>
<td>Greenways Maintenance Endowment</td>
<td>Natural Resource Protection &amp; Restoration</td>
<td>Totals</td>
</tr>
<tr>
<td>------------------------</td>
<td>----------------------------------</td>
<td>-------------------------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>$ 425,051</td>
<td>$</td>
<td>$ 425,051</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>(6,730)</td>
<td>75,534</td>
<td>68,804</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>418,321</td>
<td>75,534</td>
<td>493,855</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural and economic environment</td>
<td>-</td>
<td>2,084</td>
<td>2,084</td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>7,448</td>
<td>-</td>
<td>7,448</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>7,448</td>
<td>2,084</td>
<td>9,532</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over (under) expenditures</td>
<td>410,873</td>
<td>73,450</td>
<td>484,323</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total other financing sources (uses)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net change in fund balances</strong></td>
<td>410,873</td>
<td>73,450</td>
<td>484,323</td>
</tr>
<tr>
<td>Fund balances - beginning</td>
<td>5,097,153</td>
<td>4,438,800</td>
<td>9,535,953</td>
</tr>
<tr>
<td>Fund balances - ending</td>
<td>$ 5,508,026</td>
<td>$ 4,512,250</td>
<td>$ 10,020,276</td>
</tr>
</tbody>
</table>
## Schedule of Revenues, Expenditures and Changes in Fund Balance

**Budget and Actual GAAP Basis**

**Greenways Maintenance Endowment Fund**

For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>2015-2016 Biennial Budgeted Amounts</th>
<th>2015 Actual Amounts</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td>GAAP Basis</td>
</tr>
<tr>
<td>Property taxes</td>
<td>$ 904,500</td>
<td>$ 904,500</td>
<td>$ 425,051</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>37,440</td>
<td>37,440</td>
<td>(6,730)</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td><strong>941,940</strong></td>
<td><strong>941,940</strong></td>
<td><strong>418,321</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENDITURES</th>
<th>2015-2016 Biennial Budgeted Amounts</th>
<th>2015 Actual Amounts</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td>GAAP Basis</td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>14,505</td>
<td>14,505</td>
<td>7,448</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td><strong>14,505</strong></td>
<td><strong>14,505</strong></td>
<td><strong>7,448</strong></td>
</tr>
</tbody>
</table>

| Excess (deficiency) of revenues over (under) expenditures | 927,435 | 927,435 | 410,873 | (516,562) |                      |                      |

<table>
<thead>
<tr>
<th>OTHER FINANCING SOURCES (USES)</th>
<th>2015-2016 Biennial Budgeted Amounts</th>
<th>2015 Actual Amounts</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total other financing sources (uses)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net change in fund balance</td>
<td>927,435</td>
<td>927,435</td>
<td>410,873</td>
</tr>
<tr>
<td>Fund balance - beginning</td>
<td>1,887,069</td>
<td>1,905,739</td>
<td>5,097,153</td>
</tr>
<tr>
<td>Fund balance - ending</td>
<td>$ 2,814,504</td>
<td>$ 2,833,174</td>
<td>$ 5,508,026</td>
</tr>
</tbody>
</table>
## Natural Resource Protection and Restoration Fund
For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>2015-2016 Biennial Actual Amounts</th>
<th>2015 Actual Amounts</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted Amounts</td>
<td>Original</td>
<td>Final</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>$ 142,966</td>
<td>$ 142,966</td>
<td>$ 75,534</td>
</tr>
<tr>
<td>Total revenues</td>
<td>142,966</td>
<td>142,966</td>
<td>75,534</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural and economic environment</td>
<td>973,674</td>
<td>980,062</td>
<td>2,084</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>973,674</td>
<td>980,062</td>
<td>2,084</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over (under) expenditures</td>
<td>(830,708)</td>
<td>(837,096)</td>
<td>73,450</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total other financing sources (uses)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net change in fund balance</td>
<td>(830,708)</td>
<td>(837,096)</td>
<td>73,450</td>
</tr>
<tr>
<td>Fund balance - beginning</td>
<td>2,586,151</td>
<td>2,763,149</td>
<td>4,438,800</td>
</tr>
<tr>
<td>Fund balance - ending</td>
<td>$ 1,755,443</td>
<td>$ 1,926,053</td>
<td>$ 4,512,250</td>
</tr>
</tbody>
</table>
### Schedule of Revenues, Expenditures and Changes in Fund Balances

**Budget and Actual GAAP Basis**

**Nonmajor Permanent Funds**

For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>2015-2016</th>
<th>Actual</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted</td>
<td>Amounts</td>
<td>GAAP Basis</td>
</tr>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>$ 904,500</td>
<td>$ 904,500</td>
<td>$ 425,051</td>
</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>180,406</td>
<td>180,406</td>
<td>68,804</td>
</tr>
<tr>
<td>Total revenues</td>
<td>1,084,906</td>
<td>1,084,906</td>
<td>493,855</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENDITURES</th>
<th>2015-2016</th>
<th>Actual</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural and economic environment</td>
<td>973,674</td>
<td>980,062</td>
<td>2,084</td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>14,505</td>
<td>14,505</td>
<td>7,448</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>988,179</td>
<td>994,567</td>
<td>9,532</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over (under) expenditures</td>
<td>96,727</td>
<td>90,339</td>
<td>484,323</td>
</tr>
</tbody>
</table>

### OTHER FINANCING SOURCES (USES)

| Total other financing sources (uses) | - | - | - | - |

| Net change in fund balances | 96,727 | 90,339 | 484,323 | 393,984 |

| Fund balances - beginning | 4,473,220 | 4,668,888 | 9,535,953 | 4,867,065 |
| Fund balances - ending | $ 4,569,947 | $ 4,759,227 | $ 10,020,276 | $ 5,261,049 |
ENTERPRISE FUNDS

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

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

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

470 – Medic One
Provides countywide ambulance service through a contract with Whatcom County. Established by Ordinance 8328.

475 – Development Services
Primary source of revenue is fees for inspection services. Ensures compliance with state and local codes. Established by Ordinance 10035.
### Combining Statement of Net Position

**Other Non-Major Enterprise Funds**

**December 31, 2015**

#### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Cemetery</th>
<th>Golf Course</th>
<th>Parking Services</th>
<th>Medic One</th>
<th>Development Services</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets:</strong></td>
<td>$5,655</td>
<td>$43,708</td>
<td>$628,315</td>
<td>$320,849</td>
<td>$758,752</td>
<td>$1,757,279</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>5,655</td>
<td>43,708</td>
<td>628,315</td>
<td>320,849</td>
<td>758,752</td>
<td>1,757,279</td>
</tr>
<tr>
<td>Investments</td>
<td>27,131</td>
<td>209,725</td>
<td>3,014,738</td>
<td>4,539,744</td>
<td>3,640,593</td>
<td>8,431,661</td>
</tr>
<tr>
<td>Receivables, net</td>
<td>1,085</td>
<td>14,514</td>
<td>555,183</td>
<td>3,541</td>
<td>7,802</td>
<td>582,125</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due from other governments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid items</td>
<td>-</td>
<td>-</td>
<td>1,362</td>
<td>505</td>
<td>1,867</td>
<td>1,867</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>33,871</td>
<td>267,947</td>
<td>4,198,236</td>
<td>1,865,226</td>
<td>4,407,652</td>
<td>10,772,932</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Cemetery</th>
<th>Golf Course</th>
<th>Parking Services</th>
<th>Medic One</th>
<th>Development Services</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Noncurrent assets:</strong></td>
<td>$59,297</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>59,297</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>59,297</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>59,297</td>
</tr>
<tr>
<td>Restricted investments</td>
<td>284,513</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>284,513</td>
</tr>
<tr>
<td>Capital assets, not being depreciated/amortized:</td>
<td>359,274</td>
<td>1,109,904</td>
<td>52,457</td>
<td>-</td>
<td>1,521,635</td>
<td>2,314,175</td>
</tr>
<tr>
<td>Land</td>
<td>359,274</td>
<td>1,109,904</td>
<td>52,457</td>
<td>-</td>
<td>1,521,635</td>
<td>2,314,175</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>-</td>
<td>-</td>
<td>187,218</td>
<td>-</td>
<td>187,218</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total noncurrent assets</strong></td>
<td>738,359</td>
<td>588,550</td>
<td>3,407,463</td>
<td>701,999</td>
<td>55,988</td>
<td>5,492,359</td>
</tr>
</tbody>
</table>

**Total assets**

- Current assets: $772,230
- Noncurrent assets: $5,492,359
- **Total assets**: $7,664,589

#### DEFERRED OUTFLOWS OF RESOURCES

<table>
<thead>
<tr>
<th></th>
<th>Cemetery</th>
<th>Golf Course</th>
<th>Parking Services</th>
<th>Medic One</th>
<th>Development Services</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Related to pensions</td>
<td>7,579</td>
<td>3,067</td>
<td>15,962</td>
<td>51,333</td>
<td>116,334</td>
<td>194,275</td>
</tr>
<tr>
<td><strong>Total deferred outflows of resources</strong></td>
<td>7,579</td>
<td>3,067</td>
<td>15,962</td>
<td>51,333</td>
<td>116,334</td>
<td>194,275</td>
</tr>
</tbody>
</table>

#### LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>Cemetery</th>
<th>Golf Course</th>
<th>Parking Services</th>
<th>Medic One</th>
<th>Development Services</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities:</strong></td>
<td>$12,105</td>
<td>7,886</td>
<td>44,657</td>
<td>189,850</td>
<td>2,277</td>
<td>256,775</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>12,105</td>
<td>7,886</td>
<td>44,657</td>
<td>189,850</td>
<td>2,277</td>
<td>256,775</td>
</tr>
<tr>
<td>Accrued wages and benefits</td>
<td>9,849</td>
<td>2,112</td>
<td>11,350</td>
<td>38,437</td>
<td>87,834</td>
<td>149,582</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>985</td>
<td>-</td>
<td>985</td>
</tr>
<tr>
<td>Due to other governments</td>
<td>-</td>
<td>-</td>
<td>13,491</td>
<td>11,549</td>
<td>-</td>
<td>25,040</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>107,636</td>
<td>14,883</td>
<td>16,426</td>
<td>-</td>
<td>138,945</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>150,120</td>
<td>29,354</td>
<td>97,851</td>
<td>339,370</td>
<td>208,674</td>
<td>825,369</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Cemetery</th>
<th>Golf Course</th>
<th>Parking Services</th>
<th>Medic One</th>
<th>Development Services</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Noncurrent liabilities:</strong></td>
<td>$66,722</td>
<td>27,005</td>
<td>140,526</td>
<td>62,240</td>
<td>957,124</td>
<td>1,253,617</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>-</td>
<td>-</td>
<td>2,692</td>
<td>6,685</td>
<td>2,826</td>
<td>12,023</td>
</tr>
<tr>
<td><strong>Total noncurrent liabilities</strong></td>
<td>66,722</td>
<td>27,005</td>
<td>143,218</td>
<td>68,925</td>
<td>959,950</td>
<td>1,265,820</td>
</tr>
</tbody>
</table>

**Total liabilities**

- Current liabilities: $216,842
- Noncurrent liabilities: $1,265,820
- **Total liabilities**: $1,482,662

#### DEFERRED INFLOWS OF RESOURCES

<table>
<thead>
<tr>
<th></th>
<th>Cemetery</th>
<th>Golf Course</th>
<th>Parking Services</th>
<th>Medic One</th>
<th>Development Services</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Related to pensions</td>
<td>10,301</td>
<td>4,169</td>
<td>21,696</td>
<td>96,357</td>
<td>162,696</td>
<td>295,219</td>
</tr>
<tr>
<td><strong>Total deferred inflows of resources</strong></td>
<td>10,301</td>
<td>4,169</td>
<td>21,696</td>
<td>96,357</td>
<td>162,696</td>
<td>295,219</td>
</tr>
</tbody>
</table>

#### NET POSITION

<table>
<thead>
<tr>
<th></th>
<th>Cemetery</th>
<th>Golf Course</th>
<th>Parking Services</th>
<th>Medic One</th>
<th>Development Services</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets</td>
<td>394,549</td>
<td>588,550</td>
<td>3,407,463</td>
<td>376,584</td>
<td>-</td>
<td>4,767,146</td>
</tr>
<tr>
<td>Restricted for cemetery endowment / preneed</td>
<td>236,850</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>236,850</td>
</tr>
<tr>
<td>Restricted for pension asset</td>
<td>-</td>
<td>-</td>
<td>325,415</td>
<td>55,988</td>
<td>381,403</td>
<td>-</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>(78,733)</td>
<td>210,486</td>
<td>3,951,433</td>
<td>1,411,907</td>
<td>3,192,666</td>
<td>8,687,759</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td>$552,666</td>
<td>$799,036</td>
<td>$7,358,896</td>
<td>$2,113,906</td>
<td>$3,248,654</td>
<td>$14,073,158</td>
</tr>
</tbody>
</table>
CITY OF BELLINGHAM
Combining Statement of Revenue, Expenses and Changes in Net Position
Other Non-Major Enterprise Funds
For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>Cemetery</th>
<th>Golf</th>
<th>Parking Services</th>
<th>Medic One</th>
<th>Development Services</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer sales and service fees</td>
<td>$ 219,216</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 4,791,956</td>
<td>$ 3,219,996</td>
<td>$ 8,231,168</td>
</tr>
<tr>
<td>Charges for services</td>
<td>99,017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rents, parking and concessions</td>
<td>-</td>
<td>155,089</td>
<td>2,552,224</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>11</td>
<td>930</td>
<td></td>
<td></td>
<td></td>
<td>941</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>318,244</td>
<td>156,019</td>
<td>2,552,224</td>
<td>4,791,956</td>
<td>3,219,996</td>
<td>11,038,439</td>
</tr>
</tbody>
</table>

|                     |          |      |                  |           |                      |           |
| **Operating expenses:** |          |      |                  |           |                      |           |
| General operations    | 338,263  | 103,970 | 1,877,084       | 5,510,632 | -                    | 7,829,949 |
| General administration | 182,566  |      |                  |           | 2,525,587            | 2,708,153 |
| Depreciation          | 2,940    | 31,684 | 96,305           | 69,202    | 1,626                | 201,757   |
| **Total operating expenses** | 523,769 | 135,654 | 1,973,389       | 5,579,834 | 2,527,213         | 10,739,859|

|                     |          |      |                  |           |                      |           |
| **Operating income (loss)** | (205,525) | 20,365 | 578,835          | (787,878) | 692,783             | 298,580   |

|                     |          |      |                  |           |                      |           |
| **Nonoperating revenues (expenses):** |          |      |                  |           |                      |           |
| Operating assessments and tax levies | -       | -    | -                |           | 663,189              | - 663,189 |
| Investment interest    | 3,378    | 2,115 | 31,856           | 18,014    | 37,452              | 92,815    |
| Net incr (decr) in fair value of investments | (449)    | (679) | (6,380)         | (316)     | (8,523)             | (16,347)  |
| Gain (loss) on sale of capital assets | -       | -    | (30,568)        | 65,453    | -                   | 34,885    |
| Other nonoperating revenues | 30       | -    | 2,968            | 3,206     | 434                 | 6,638     |
| Other nonoperating expenses | -       | -    | (663,189)       | -         | (663,189)           |           |
| **Total nonoperating revenues (expenses)** | 2,959    | 1,436 | (2,124)         | 86,357    | 29,363              | 117,991   |

|                     |          |      |                  |           |                      |           |
| **Income (loss) before transfers** | (202,566) | 21,801 | 576,711          | (701,521) | 722,146             | 416,571   |
| Transfers in         | 221,480  |      |                  | -         | 1,125,000            | - 1,346,480|
| Transfers out        | -        | -    | (20,000)         | -         | -                   | (20,000)  |
| **Change in net position** | 18,914   | 21,801 | 556,711          | 423,479   | 722,146             | 1,743,051 |

|                     |          |      |                  |           |                      |           |
| **Total net position - beginning** | 606,479  | 806,670 | 6,955,358       | 1,535,861 | 3,531,506           | 13,435,874|
| Change in accounting principle - GASB 68 | (72,727) | (29,435) | (153,173)       | 154,566   | (1,004,998)        | (1,105,767)|
| **Total net position - ending** | $ 552,666 | $ 799,036 | $ 7,358,896     | $ 2,113,906 | $ 3,248,654        | $ 14,073,158|
CITY OF BELLINGHAM
Combining Statement of Cash Flows
Other Non-Major Enterprise Funds
For the Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES
Receipts from customers $ 317,829 $ 160,260 $ 2,466,592 $ 4,792,991 $ 3,219,996 $ 10,957,668
Payments for wages and benefits (285,218) (55,064) (284,461) (4,277,803) (2,059,740) (6,962,286)
Payments for operating expenses (232,913) (41,270) (1,584,092) (1,853,727) (479,000) (4,191,002)
Other receipts 30 - 2,968 3,206 434 6,638
Net cash provided by (used for) operating activities (200,272) 63,926 601,007 (1,335,333) 681,690 (188,982)

CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES
Transfers in 221,480 - - 1,125,000 - 1,346,480
Transfers out - - (20,000) - - (20,000)
Mortgage expense - - - - - -
Net cash provided by (used for) noncapital financing activities 221,480 - (20,000) 1,125,000 - 1,326,480

CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES
Purchases of capital assets - - - (107,371) - (107,371)
Proceeds from the sale of capital assets - - - 65,453 - 65,453
Net cash provided by (used for capital financing activities - - - (107,371) 65,453 - (41,918)

CASH FLOWS FROM INVESTING ACTIVITIES
Proceeds from sales and maturity of investments 21,279 30,012 238,051 24,100 324,112 637,554
Purchase of investments (56,359) (92,425) (786,936) (1,096) (1,071,433) (2,008,249)
Interest and dividends received 3,363 3,526 (44,025) (103,481) (29,143) (183,632)
Net cash provided by (used for) investment activities (31,717) (60,400) (517,661) 41,399 (710,833) (1,279,212)
Net increase (decrease) in cash and equivalents (10,509) 3,526 (44,025) (103,481) (29,143) (183,632)
Cash and cash equivalents - beginning of year 75,461 40,182 628,315 320,849 758,752 1,816,576
Cash and cash equivalents - end of year $ 64,952 $ 43,708 $ 628,315 $ 320,849 $ 758,752 $ 1,816,576

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:
Operating income (loss) $ (205,525) $ 20,365 $ 578,835 $ (787,878) $ 692,783 $ 298,580
Adjustments to reconcile operating income to net cash provided (used) by operating activities:
Depreciation 2,940 31,684 96,305 69,202 1,626 201,757
Amortization (3,283) (1,328) (6,914) (63,586) (57,500) (132,611)
Miscellaneous income 30 2,968 3,206 434 6,638
Depreciation 2,940 31,684 96,305 69,202 1,626 201,757
Net cash provided by (used for) operating activities $ (200,272) $ 63,926 $ 601,007 $ (1,335,333) $ 681,690 $ (188,982)

Noncash investing, capital, and financing activities:
Net change in fair value of investments (449) (679) (6,380) (316) (8,523) (16,347)
INTERNAL SERVICE FUNDS

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

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

530 – Facilities Administration
Consolidates custodial services and facility maintenance under one fund. Established by Ordinance 10269.

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

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

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

562 – Worker’s Compensation Self-Insurance
Covers the cost of claims resulting from injuries on the job or job-related illnesses, and related preventive, safety and disability programs. Established and amended by Ordinances 8616 and 1999-02-005.

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

570 – Public Works Administration and Engineering
Established to track and distribute the costs of management and engineering services shared within the public works department and other City funds that contract for their services. Established by ordinance 2014-12-071.
<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Fleet Administration</th>
<th>Purchasing Materials Management</th>
<th>Facilities Administration</th>
<th>Technology &amp; Telecom</th>
<th>Claims &amp; Litigation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,293,945</td>
<td>$96,366</td>
<td>$232,462</td>
<td>$415,674</td>
<td>$934,318</td>
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<td>Investments</td>
<td>6,208,517</td>
<td>462,377</td>
<td>1,115,383</td>
<td>1,994,458</td>
<td>4,482,980</td>
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<tr>
<td>Receivables, net</td>
<td>14,857</td>
<td>991</td>
<td>19,146</td>
<td>4,330</td>
<td>9,606</td>
</tr>
<tr>
<td>Due from other governments</td>
<td>4,405</td>
<td>-</td>
<td>3,517</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Inventory</td>
<td>-</td>
<td>569,547</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid items</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>7,521,724</td>
<td>1,129,281</td>
<td>1,370,508</td>
<td>2,414,462</td>
<td>5,426,904</td>
</tr>
<tr>
<td><strong>Noncurrent assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>-</td>
<td>-</td>
<td>9,604</td>
<td>-</td>
<td>-</td>
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<td>Capital assets, not being depreciated/amortized:</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>-</td>
<td>-</td>
<td>40,102</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>211,682</td>
<td>-</td>
</tr>
<tr>
<td>Capital assets, net of depreciation/amortization:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>-</td>
<td>-</td>
<td>1,277,367</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>11,482,576</td>
<td>-</td>
<td>19,876</td>
<td>214,653</td>
<td>-</td>
</tr>
<tr>
<td>Intangibles - software</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,531</td>
<td>-</td>
</tr>
<tr>
<td>Net pension asset</td>
<td>-</td>
<td>-</td>
<td>2,352</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total noncurrent assets</strong></td>
<td>11,482,576</td>
<td>-</td>
<td>1,346,949</td>
<td>433,218</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>19,004,300</td>
<td>1,129,281</td>
<td>2,717,457</td>
<td>2,847,680</td>
<td>5,426,904</td>
</tr>
<tr>
<td><strong>Deferred outflows of resources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Related to pensions</td>
<td>80,517</td>
<td>48,320</td>
<td>111,630</td>
<td>23,412</td>
<td>12,592</td>
</tr>
<tr>
<td><strong>Total deferred outflows of resources</strong></td>
<td>80,517</td>
<td>48,320</td>
<td>111,630</td>
<td>23,412</td>
<td>12,592</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>15,857</td>
<td>1,519</td>
<td>257,912</td>
<td>84,237</td>
<td>2,694</td>
</tr>
<tr>
<td>Accrued wages and benefits</td>
<td>56,925</td>
<td>37,975</td>
<td>78,691</td>
<td>20,353</td>
<td>7,763</td>
</tr>
<tr>
<td>Due to other governments</td>
<td>1,867</td>
<td>-</td>
<td>913</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>-</td>
<td>-</td>
<td>600</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>162,119</td>
<td>80,151</td>
<td>439,251</td>
<td>130,616</td>
<td>89,986</td>
</tr>
<tr>
<td><strong>Noncurrent liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds payable, net</td>
<td>-</td>
<td>-</td>
<td>6,100,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>25,306</td>
<td>10,510</td>
<td>29,548</td>
<td>9,412</td>
<td>751,118</td>
</tr>
<tr>
<td>Claims and judgements payable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>70,000</td>
</tr>
<tr>
<td><strong>Total noncurrent liabilities</strong></td>
<td>734,159</td>
<td>435,910</td>
<td>7,112,309</td>
<td>212,705</td>
<td>861,974</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>896,278</td>
<td>516,061</td>
<td>7,551,660</td>
<td>343,321</td>
<td>951,960</td>
</tr>
<tr>
<td><strong>Deferred inflows of resources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Related to pensions</td>
<td>109,440</td>
<td>65,678</td>
<td>151,729</td>
<td>32,014</td>
<td>17,115</td>
</tr>
<tr>
<td><strong>Total deferred inflows of resources</strong></td>
<td>109,440</td>
<td>65,678</td>
<td>151,729</td>
<td>32,014</td>
<td>17,115</td>
</tr>
<tr>
<td><strong>Net position</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>11,482,576</td>
<td>-</td>
<td>1,337,345</td>
<td>430,866</td>
<td>-</td>
</tr>
<tr>
<td>Restricted for pension</td>
<td>-</td>
<td>-</td>
<td>2,352</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>6,596,523</td>
<td>595,862</td>
<td>(6,211,547)</td>
<td>2,062,539</td>
<td>4,470,421</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td>$18,079,099</td>
<td>$595,862</td>
<td>$(4,874,202)</td>
<td>$2,495,757</td>
<td>$4,470,421</td>
</tr>
</tbody>
</table>
CITY OF BELLINGHAM
Combining Statement of Net Position
Internal Service Funds
December 31, 2015

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Worker's Unemployment Compensation</th>
<th>Health Self-Insurance</th>
<th>PW Admin. &amp; Benefits</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 84,819</td>
<td>$ 210,525</td>
<td>$ 365,998</td>
<td>$ 189,932</td>
</tr>
<tr>
<td>Investments</td>
<td>406,973</td>
<td>1,010,125</td>
<td>1,756,110</td>
<td>911,321</td>
</tr>
<tr>
<td>Receivables, net</td>
<td>872</td>
<td>2,165</td>
<td>3,763</td>
<td>1,994</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>478,670</td>
</tr>
<tr>
<td>Due from other governments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,922</td>
</tr>
<tr>
<td>Inventory</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>569,547</td>
</tr>
<tr>
<td>Prepaid items</td>
<td>-</td>
<td>53,220</td>
<td>9,213</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>492,664</td>
<td>1,276,035</td>
<td>2,135,084</td>
<td>1,581,917</td>
</tr>
<tr>
<td>Noncurrent assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital assets, not being depreciated/amortized:</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>40,102</td>
</tr>
<tr>
<td>Land</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>211,682</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital assets, net of depreciation/amortization:</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,431</td>
</tr>
<tr>
<td>Buildings</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,277,367</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11,717,105</td>
</tr>
<tr>
<td>Intangibles - software</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net pension asset</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,352</td>
</tr>
<tr>
<td><strong>Total noncurrent assets</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13,262,743</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>492,664</td>
<td>1,276,035</td>
<td>2,135,084</td>
<td>1,581,917</td>
</tr>
</tbody>
</table>

**DEFERRED OUTFLOWS OF RESOURCES**

| Related to pensions | 938 | 6,168 | 12,492 | 155,565 | 451,634 |
| **Total deferred outflows of resources** | 938 | 6,168 | 12,492 | 155,565 | 451,634 |

**LIABILITIES**

**Current liabilities:**

- Accounts payable | 23,065 | 65,992 | 5,365 | 112,188 | 568,829 |
- Accrued wages and benefits | 597 | 4,087 | 37,205 | 209,396 | 452,992 |
- Due to other funds | - | - | - | 696,628 | 696,628 |
- Due to other governments | - | - | - | - | - |
- Other current liabilities | - | - | 17,057 | 646,796 |
| **Current portion:** | | | | | |
| Compensated absences | 1,230 | 5,714 | 15,466 | 219,869 | 507,096 |
| Claims and judgments payable | 160,000 | 550,000 | - | - | 780,000 |
| **Total current liabilities** | 184,892 | 625,793 | 75,093 | 1,937,220 | 3,725,121 |

**Noncurrent liabilities:**

- Bonds payable, net | - | - | - | - | 6,100,000 |
- Compensated absences | - | - | - | 44,903 | 44,903 |
- Claims and judgements payable | - | - | - | - | - |
| Net pension liability | 8,260 | 54,299 | 109,979 | 1,369,555 | 3,973,256 |
| **Total noncurrent liabilities** | 8,260 | 54,299 | 109,979 | 1,414,458 | 10,944,053 |
| **Total liabilities** | 193,152 | 680,092 | 185,072 | 3,351,678 | 14,669,174 |

**DEFERRED INFLOWS OF RESOURCES**

| Related to pensions | 1,275 | 8,383 | 16,980 | 211,446 | 614,060 |
| **Total deferred inflows of resources** | 1,275 | 8,383 | 16,980 | 211,446 | 614,060 |

**NET POSITION**

- Net investment in capital assets | - | - | - | - | 13,250,787 |
- Restricted for pension | - | - | - | - | - |
- Unrestricted | 299,175 | 593,728 | 1,945,524 | 4,825,642 | 8,526,583 |
| **Total net position** | 299,175 | 593,728 | 1,945,524 | (1,825,642) | 21,779,722 |
## CITY OF BELLINGHAM
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th>Purchasing Administration</th>
<th>Facilities Administration</th>
<th>Technology &amp; Telecom</th>
<th>Claims &amp; Litigation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales of merchandise</td>
<td>$ -</td>
<td>$ 2,357,234</td>
<td>$ -</td>
</tr>
<tr>
<td>Less: cost of goods sold</td>
<td>-</td>
<td>(1,347,270)</td>
<td>-</td>
</tr>
<tr>
<td>Charges for services</td>
<td>3,717,843</td>
<td>1,148</td>
<td>3,462,591</td>
</tr>
<tr>
<td>Insurance premium</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>-</td>
<td>-</td>
<td>70,227</td>
</tr>
<tr>
<td>**Total operating</td>
<td>3,717,843</td>
<td>1,011,112</td>
<td>3,532,818</td>
</tr>
<tr>
<td>expenses:**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General operations</td>
<td>2,700,027</td>
<td>1,028,410</td>
<td>3,977,004</td>
</tr>
<tr>
<td>General administration</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,465,312</td>
<td>-</td>
<td>82,411</td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Claims</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>**Total operating</td>
<td>4,165,339</td>
<td>1,028,410</td>
<td>4,059,415</td>
</tr>
<tr>
<td>expenses:**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>(447,496)</td>
<td>(17,298)</td>
<td>(526,597)</td>
</tr>
<tr>
<td>Nonoperating revenues (expenses):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External operating grants and subsidies</td>
<td>-</td>
<td>-</td>
<td>214,935</td>
</tr>
<tr>
<td>Operating assessments and tax levies</td>
<td>627,656</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investment interest</td>
<td>66,474</td>
<td>4,609</td>
<td>12,571</td>
</tr>
<tr>
<td>Net incr (decr) in fair value of investments</td>
<td>1,266</td>
<td>(1,088)</td>
<td>(2,869)</td>
</tr>
<tr>
<td>Interest expense and related charges</td>
<td>-</td>
<td>-</td>
<td>(332,055)</td>
</tr>
<tr>
<td>Gain (loss) on sale of capital assets</td>
<td>(53,037)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other nonoperating revenues</td>
<td>83,970</td>
<td>168,796</td>
<td>141,013</td>
</tr>
<tr>
<td>Other nonoperating expenses</td>
<td>-</td>
<td>(165,274)</td>
<td>-</td>
</tr>
<tr>
<td>**Total nonoperating revenues (expenses)</td>
<td>726,329</td>
<td>7,043</td>
<td>33,595</td>
</tr>
<tr>
<td>Income (loss) before transfers</td>
<td>278,833</td>
<td>(10,255)</td>
<td>(493,002)</td>
</tr>
<tr>
<td>Transfers in</td>
<td>556,834</td>
<td>-</td>
<td>600,000</td>
</tr>
<tr>
<td>Change in net position</td>
<td>835,667</td>
<td>(10,255)</td>
<td>106,998</td>
</tr>
<tr>
<td>Total net position - beginning</td>
<td>18,016,081</td>
<td>1,069,803</td>
<td>(3,909,992)</td>
</tr>
<tr>
<td>Change in accounting principle - GASB 68</td>
<td>(772,649)</td>
<td>(463,686)</td>
<td>(1,071,208)</td>
</tr>
<tr>
<td><strong>Total net position - ending</strong></td>
<td>$ 18,079,099</td>
<td>$ 595,862</td>
<td>$(4,874,202)</td>
</tr>
</tbody>
</table>
## CITY OF BELLINGHAM

Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th>Operating revenues:</th>
<th>Worker's Unemployment Compensation</th>
<th>Self-Insurance</th>
<th>Health Benefits</th>
<th>PW Admin. &amp; Engineering</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of merchandise</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 2,357,234</td>
</tr>
<tr>
<td>Less: cost of goods sold</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,347,270)</td>
</tr>
<tr>
<td>Charges for services</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,547,693</td>
</tr>
<tr>
<td>Insurance premium contributions</td>
<td>111,245</td>
<td>633,800</td>
<td>11,993,675</td>
<td>-</td>
<td>13,823,933</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>70,427</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>111,245</td>
<td>633,800</td>
<td>11,993,675</td>
<td>6,547,693</td>
<td>30,562,566</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating expenses:</th>
<th>General operations</th>
<th>General administration</th>
<th>Depreciation</th>
<th>Insurance</th>
<th>Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating expenses</strong></td>
<td>-</td>
<td>13,847</td>
<td>-</td>
<td>76,493</td>
<td>100,027</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>113,874</td>
<td>662,180</td>
<td>12,838,207</td>
<td>6,565,397</td>
<td>32,997,108</td>
</tr>
</tbody>
</table>

| Operating income (loss) | (2,629) | (28,380) | (844,532) | (17,704) | (2,434,542) |

<table>
<thead>
<tr>
<th>Nonoperating revenues (expenses):</th>
<th>External operating grants and subsidies</th>
<th>Operating assessments and tax levies</th>
<th>Investment interest</th>
<th>Net incr (decr) in fair value of investments</th>
<th>Interest expense and related charges</th>
<th>Gain (loss) on sale of capital assets</th>
<th>Other nonoperating revenues</th>
<th>Other nonoperating expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total nonoperating revenues (expenses)</strong></td>
<td>4,144</td>
<td>9,444</td>
<td>34,582</td>
<td>(2,504)</td>
<td>886,658</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Income (loss) before transfers | 1,515 | (18,936) | (809,950) | (20,208) | (1,547,884) |

| Transfers in | - | - | - | 23,640 | 1,510,708 |
| Transfers out | - | - | - | (336,262) | (336,262) |

| Change in net position | 1,515 | (18,936) | (809,950) | (332,830) | (373,438) |

| Total net position - beginning | 306,663 | 671,850 | 2,875,351 | - | 26,482,397 |

| Change in accounting principle - GASB 68 | (9,003) | (59,186) | (119,877) | (1,492,812) | (4,329,237) |

| Total net position - ending | $ 297,175 | $ 593,728 | $ 1,945,524 | $ (1,825,642) | $ 21,779,722 |
## CITY OF BELLINGHAM
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2015

### CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Fleet Administration</th>
<th>Purchasing Management</th>
<th>Facilities Administration</th>
<th>Technology &amp; Telecom</th>
<th>Claims &amp; Litigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>20,185</td>
<td>1,148</td>
<td>53,480</td>
<td>-</td>
</tr>
<tr>
<td>Receipts from interfund charges for services</td>
<td>3,703,376</td>
<td>3,257,234</td>
<td>3,462,591</td>
<td>1,914,919</td>
</tr>
<tr>
<td>Payments for merchandise</td>
<td>-</td>
<td>(1,107,308)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Payments for wages and benefits</td>
<td>(1,220,175)</td>
<td>(750,651)</td>
<td>(1,791,154)</td>
<td>(420,722)</td>
</tr>
<tr>
<td>Payments for operating expenses</td>
<td>(1,657,131)</td>
<td>(416,433)</td>
<td>(2,103,798)</td>
<td>(1,770,601)</td>
</tr>
<tr>
<td>Other receipts</td>
<td>78,970</td>
<td>168,796</td>
<td>24,805</td>
<td>343</td>
</tr>
<tr>
<td>Other payments</td>
<td>-</td>
<td>(165,274)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash provided by (used for) operating activities</strong></td>
<td>925,225</td>
<td>87,512</td>
<td>(354,076)</td>
<td>(276,061)</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM NONCAPITAL

#### FINANCING ACTIVITIES

| | | | | | |
|---|---|---|---|---|
| Transfers in | - | - | 600,000 | 330,234 | - |
| Payments for interest | - | - | (332,055) | - | - |
| Operating grants and loans | - | - | 211,418 | 18,796 | - |
| Interfund receipts for bond repayment | - | - | 116,208 | - | - |
| Interfund loan repayments | 247,846 | - | - | - | - |
| Receipts from taxes and subsidies | 629,488 | - | - | - | - |
| **Net cash provided by (used for) noncapital financing activities** | 877,334 | - | 595,571 | 349,030 | - |

### CASH FLOWS FROM CAPITAL AND RELATED

#### FINANCING ACTIVITIES

| | | | | | |
|---|---|---|---|---|
| Purchases of capital assets | (2,921,624) | - | - | (237,053) | - |
| Proceeds from the sale of capital assets | 207,665 | - | - | - | - |
| **Net cash provided by (used for capital financing activities** | (2,713,959) | - | - | (237,053) | - |

### CASH FLOWS FROM INVESTING ACTIVITIES

| | | | | | |
|---|---|---|---|---|
| Proceeds from sales and maturities of investments | 669,266 | 41,432 | 110,840 | 307,679 | 154,338 |
| Purchase of investments | (314,323) | (136,963) | (366,410) | (294,873) | (510,201) |
| Interest and dividends received | 68,635 | 12,213 | 21,784 | 48,400 | - |
| **Net cash provided by (used for) in investment activities** | 423,578 | (91,047) | (243,357) | 34,590 | (307,463) |
| Net increase (decrease) in cash and equivalents | (91,047) | (243,357) | 34,590 | (307,463) | - |
| Net increase (decrease) in cash and equivalents - beginning of year | 1,781,767 | 99,901 | 243,928 | 545,168 | 1,121,958 |
| Cash and cash equivalents - end of year | $1,193,945 | $96,366 | $242,066 | $415,674 | $934,318 |

### Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

| | | | | |
|---|---|---|---|
| Operating income (loss) | (447,496) | (17,298) | (526,597) | (233,624) | (316,282) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | |
| Depreciation | 1,465,312 | - | 82,411 | 50,093 | - |
| Pension expense | (34,873) | (20,929) | (48,495) | (10,440) | (5,453) |
| Miscellaneous income | 78,970 | 168,796 | 24,805 | 343 | - |
| Miscellaneous expenses | - (165,274) | - | - | - | - |
| (Increase) decrease in accounts receivable | 5,718 | - (16,747) | - | - |
| (Increase) decrease in inventory of supplies | - 239,962 | - | - | - |
| Increase (decrease) in accounts payable | (147,737) | (134,173) | 105,768 | (87,510) | (2,889) |
| Increase (decrease) in wages and benefits payable | 10,266 | 16,465 | 19,542 | 4,055 | 2,834 |
| Increase (decrease) in other current liabilities | - | - | - | - | 30,000 |
| Increase (decrease) in other fees and taxes | (292) | (34) | 867 | - | - |
| Increase (decrease) in other long-term liabilities | (4,043) | (3) | 4,223 | 1,022 | 411,013 |
| **Total adjustments** | 1,372,721 | 104,810 | 172,521 | (42,437) | 436,105 |
| **Net cash provided by (used for) operating activities** | $925,225 | $87,512 | (354,076) | (276,061) | $119,823 |

### Noncash investing, capital, and financing activities:

| | | | |
|---|---|---|
| Net change in fair value of investments | 1,266 | (1,088) | (2,869) | (575) | (5,022) |
| Fleet donations | 556,834 | - | - | - | - |
## CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Unemployment Compensation</th>
<th>Worker's Compensation</th>
<th>Self-Insurance</th>
<th>Health Benefits</th>
<th>PW Admin. &amp; Engineering</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Receipts from interfund charges for services</td>
<td>111,245</td>
<td>633,801</td>
<td>11,993,675</td>
<td>5,905,067</td>
<td>31,167,121</td>
<td>39,830</td>
</tr>
<tr>
<td>Payments for merchandise</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Payments for wages and benefits</td>
<td>(14,086)</td>
<td>(95,920)</td>
<td>(238,103)</td>
<td>(4,467,977)</td>
<td>(9,181,661)</td>
<td>(39,830)</td>
</tr>
<tr>
<td>Payments for operating expenses</td>
<td>(136,989)</td>
<td>(520,326)</td>
<td>(12,617,304)</td>
<td>(811,812)</td>
<td>(20,831,159)</td>
<td>(39,830)</td>
</tr>
<tr>
<td>Other receipts</td>
<td>-</td>
<td>-</td>
<td>10,063</td>
<td>1,373</td>
<td>284,350</td>
<td>-</td>
</tr>
<tr>
<td>Other payments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net cash provided by (used for) operating activities</td>
<td>(39,830)</td>
<td>17,555</td>
<td>(851,669)</td>
<td>1,419,705</td>
<td>1,048,184</td>
<td>(39,830)</td>
</tr>
</tbody>
</table>

## CASH FLOWS FROM NONCAPITAL

### FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Unemployment Compensation</th>
<th>Worker's Compensation</th>
<th>Self-Insurance</th>
<th>Health Benefits</th>
<th>PW Admin. &amp; Engineering</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers in</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers out</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Payments for interest</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating grants and loans</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interfund receipts for bond repayment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interfund loan repayments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Receipts from taxes and subsidies</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net cash provided by (used for) noncapital financing activities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

## CASH FLOWS FROM CAPITAL AND RELATED

### FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Unemployment Compensation</th>
<th>Worker's Compensation</th>
<th>Self-Insurance</th>
<th>Health Benefits</th>
<th>PW Admin. &amp; Engineering</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of capital assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from the sale of capital assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net cash provided by (used for) capital financing activities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

## CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Unemployment Compensation</th>
<th>Worker's Compensation</th>
<th>Self-Insurance</th>
<th>Health Benefits</th>
<th>PW Admin. &amp; Engineering</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from sales and maturity of investments</td>
<td>7,719</td>
<td>31,426</td>
<td>566,913</td>
<td>399,249</td>
<td>2,288,862</td>
<td>3,164,705</td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>-</td>
<td>-</td>
<td>(103,886)</td>
<td>-</td>
<td>(3,046,473)</td>
<td>(3,149,359)</td>
</tr>
<tr>
<td>Interest and dividends received</td>
<td>4,315</td>
<td>10,548</td>
<td>21,332</td>
<td>3,417</td>
<td>195,128</td>
<td>210,525</td>
</tr>
<tr>
<td>Net cash provided by (used for) investment activities</td>
<td>12,034</td>
<td>(61,912)</td>
<td>588,245</td>
<td>(917,151)</td>
<td>(562,483)</td>
<td>(851,669)</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and equivalents</td>
<td>(27,796)</td>
<td>(44,357)</td>
<td>(263,424)</td>
<td>189,932</td>
<td>(955,998)</td>
<td>(955,998)</td>
</tr>
<tr>
<td>Cash and cash equivalents - beginning of year</td>
<td>112,615</td>
<td>254,882</td>
<td>629,422</td>
<td>4,789,641</td>
<td>3,833,643</td>
<td>4,819,786</td>
</tr>
<tr>
<td>Cash and cash equivalents - end of year</td>
<td>$ 84,819</td>
<td>$ 210,525</td>
<td>$ 365,998</td>
<td>$ 189,932</td>
<td>$ 3,833,643</td>
<td>$ 4,819,786</td>
</tr>
</tbody>
</table>

### Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Unemployment Compensation</th>
<th>Worker's Compensation</th>
<th>Self-Insurance</th>
<th>Health Benefits</th>
<th>PW Admin. &amp; Engineering</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income (loss)</td>
<td>$ (2,629)</td>
<td>$ (28,380)</td>
<td>$ (844,532)</td>
<td>$ (17,704)</td>
<td>$ (2,434,542)</td>
<td>$ (2,434,542)</td>
</tr>
<tr>
<td>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pension expense</td>
<td>(406)</td>
<td>(2,672)</td>
<td>(5,410)</td>
<td>(67,376)</td>
<td>(195,907)</td>
<td>(195,907)</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>-</td>
<td>-</td>
<td>10,063</td>
<td>1,373</td>
<td>284,350</td>
<td>296,784</td>
</tr>
<tr>
<td>Miscellaneous expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(Increase) decrease in accounts receivable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(41)</td>
<td>(41)</td>
</tr>
<tr>
<td>(Increase) decrease in due from other funds</td>
<td>-</td>
<td>-</td>
<td>(478,670)</td>
<td>(478,670)</td>
<td>(478,670)</td>
<td>(478,670)</td>
</tr>
<tr>
<td>(Increase) decrease in inventory of supplies</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>239,962</td>
<td>239,962</td>
</tr>
<tr>
<td>(Increase) decrease in prepayments</td>
<td>-</td>
<td>(32,873)</td>
<td>(2,011)</td>
<td>-</td>
<td>(34,884)</td>
<td>(34,884)</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable</td>
<td>(36,962)</td>
<td>(37,526)</td>
<td>(15,972)</td>
<td>112,185</td>
<td>(20,831,159)</td>
<td>(20,831,159)</td>
</tr>
<tr>
<td>Increase (decrease) in wages and benefits payable</td>
<td>167</td>
<td>(990)</td>
<td>766,298</td>
<td>629,139</td>
<td>784,568</td>
<td>2,515,341</td>
</tr>
<tr>
<td>Increase (decrease) in due to other funds</td>
<td>-</td>
<td>-</td>
<td>629,139</td>
<td>629,139</td>
<td>784,568</td>
<td>2,515,341</td>
</tr>
<tr>
<td>Increase (decrease) in other current liabilities</td>
<td>-</td>
<td>-</td>
<td>5,429</td>
<td>3</td>
<td>538</td>
<td>538</td>
</tr>
<tr>
<td>Increase (decrease) in other fees and taxes</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Increase (decrease) in other long-term liabilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Adjustments</td>
<td>(37,201)</td>
<td>45,935</td>
<td>(7,137)</td>
<td>1,437,409</td>
<td>3,482,726</td>
<td>6-66</td>
</tr>
<tr>
<td>Net cash provided by (used for) operating activities</td>
<td>$ (39,830)</td>
<td>$ 17,555</td>
<td>$ (851,669)</td>
<td>$ 1,419,705</td>
<td>$ 1,048,184</td>
<td>$ 1,048,184</td>
</tr>
</tbody>
</table>

### Noncash investing, capital, and financing activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Unemployment Compensation</th>
<th>Worker's Compensation</th>
<th>Self-Insurance</th>
<th>Health Benefits</th>
<th>PW Admin. &amp; Engineering</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net change in fair value of investments</td>
<td>(67)</td>
<td>(1,057)</td>
<td>4,862</td>
<td>(9,247)</td>
<td>(13,777)</td>
<td>(13,777)</td>
</tr>
<tr>
<td>Fleet donations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>556,834</td>
<td>556,834</td>
</tr>
</tbody>
</table>

---

For the Year Ended December 31, 2015

CITY OF BELLINGHAM
Combining Statement of Cash Flows
Internal Service Funds

Page 2 of 2
FIDUCIARY FUNDS

Pension Trust

612 – Firefighters Pensions
Pension payments for pre March 1, 1970 firefighters or surviving spouses, and medical and long-term care benefits for firefighters hired prior to October 1, 1977. Revenue is derived from property tax, fire insurance premium tax, and general fund contributions. Authorized by City Council July 26, 1909 and by Ordinance 1999-12-083.

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

Agency

637 – Guaranty Deposit
Agency fund, serving as a depository for cash collected for outside parties, until its final disposition. Established by Ordinance 2067.

642 – School Impact Fees
School impact fees, as authorized by Ordinance 2006-03-022, are deposited in this fund. The City collects and remits impact fees with interest to the school district.
CITY OF BELLINGHAM
Combining Statement of Net Position
Pension Trust Funds
December 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>612a Firefighters’ Pension</th>
<th>612b Firefighters’ Healthcare</th>
<th>613a Police Officers’ Pension</th>
<th>613b Police Officers’ Healthcare</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 973,841</td>
<td>$ 575,788</td>
<td>$ 682,040</td>
<td>$ 471,841</td>
<td>$ 2,703,510</td>
</tr>
<tr>
<td>Invested in government securities</td>
<td>4,604,831</td>
<td>2,830,495</td>
<td>3,291,526</td>
<td>2,244,947</td>
<td>12,971,799</td>
</tr>
<tr>
<td>Receivables, net</td>
<td>41,069</td>
<td>6,065</td>
<td>7,053</td>
<td>4,811</td>
<td>58,998</td>
</tr>
<tr>
<td>Interfund loans receivable</td>
<td>871,596</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>871,596</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>6,491,337</td>
<td>3,412,348</td>
<td>3,980,619</td>
<td>2,721,599</td>
<td>16,605,903</td>
</tr>
</tbody>
</table>

| **LIABILITIES**     |                             |                               |                               |                                 |                      |
| Accounts payable    | 12,867                      | 12,138                        | 8,683                         | 14,119                          | 47,807               |
| Accrued pension benefits | 36,470                      | -                             | 11,733                        | -                               | 48,203               |
| Unearned revenue    | 30,627                      | -                             | -                             | -                               | 30,627               |
| **Total liabilities** | 79,964                      | 12,138                        | 20,416                        | 14,119                          | 126,637              |

| **NET POSITION**    |                             |                               |                               |                                 |                      |
| Restricted for pension and OPEB | $ 6,411,373              | $ 3,400,210                   | $ 3,960,203                   | $ 2,707,480                    | $ 16,479,266         |
CITY OF BELLINGHAM  
Combining Statement of Changes in Plan Net Position  
Pension Trust Funds  
For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>612a</th>
<th>612b</th>
<th>613a</th>
<th>613b</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ADDITIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Contributions:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>$586,841</td>
<td>$1,413,914</td>
<td>$ -</td>
<td>$ -</td>
<td>$2,000,755</td>
</tr>
<tr>
<td>General fund</td>
<td>70,000</td>
<td>135,220</td>
<td>283,190</td>
<td>1,061,590</td>
<td>1,550,000</td>
</tr>
<tr>
<td>Auction proceeds</td>
<td>-</td>
<td>-</td>
<td>26,835</td>
<td>-</td>
<td>26,835</td>
</tr>
<tr>
<td>Nonemployer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fire insurance premium tax</td>
<td>127,180</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>127,180</td>
</tr>
<tr>
<td><strong>Total trust contributions</strong></td>
<td>784,021</td>
<td>1,549,134</td>
<td>310,025</td>
<td>1,061,590</td>
<td>3,704,770</td>
</tr>
<tr>
<td><strong>Investment income:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>57,115</td>
<td>26,579</td>
<td>36,571</td>
<td>21,667</td>
<td>141,932</td>
</tr>
<tr>
<td>Net incr (decr) in fair value of investments</td>
<td>(8,258)</td>
<td>(6,475)</td>
<td>(4,258)</td>
<td>(4,219)</td>
<td>(23,210)</td>
</tr>
<tr>
<td><strong>Net investment income</strong></td>
<td>48,857</td>
<td>20,104</td>
<td>32,313</td>
<td>17,448</td>
<td>118,722</td>
</tr>
<tr>
<td><strong>Total additions</strong></td>
<td>832,878</td>
<td>1,569,238</td>
<td>342,338</td>
<td>1,079,038</td>
<td>3,823,492</td>
</tr>
<tr>
<td><strong>DEDUCTIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefit payments</td>
<td>447,877</td>
<td>995,834</td>
<td>129,662</td>
<td>749,860</td>
<td>2,323,233</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>5,231</td>
<td>39,357</td>
<td>4,735</td>
<td>29,313</td>
<td>78,636</td>
</tr>
<tr>
<td><strong>Total deductions</strong></td>
<td>453,108</td>
<td>1,035,191</td>
<td>134,397</td>
<td>779,173</td>
<td>2,401,869</td>
</tr>
<tr>
<td><strong>Change in net position</strong></td>
<td>379,770</td>
<td>534,047</td>
<td>207,941</td>
<td>299,865</td>
<td>1,421,623</td>
</tr>
<tr>
<td><strong>Total net position - beginning</strong></td>
<td>6,031,603</td>
<td>2,866,163</td>
<td>3,752,262</td>
<td>2,407,615</td>
<td>15,057,643</td>
</tr>
<tr>
<td><strong>Total net position - ending</strong></td>
<td>$6,411,373</td>
<td>$3,400,210</td>
<td>$3,960,203</td>
<td>$2,707,480</td>
<td>$16,479,266</td>
</tr>
</tbody>
</table>
### CITY OF BELLINGHAM
### Combining Statement of Net Position
### Agency Funds
### December 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>Guaranty Deposit</th>
<th>School Impact Fees</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 204,336</td>
<td>$ 41,650</td>
<td>$ 245,986</td>
</tr>
<tr>
<td>Receivables, net</td>
<td>3,179</td>
<td>-</td>
<td>3,179</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>207,515</td>
<td>41,650</td>
<td>249,165</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Guaranty Deposit</th>
<th>School Impact Fees</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>63,033</td>
<td>41,650</td>
<td>104,683</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>144,482</td>
<td>-</td>
<td>144,482</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$ 207,515</td>
<td>$ 41,650</td>
<td>$ 249,165</td>
</tr>
</tbody>
</table>
# CITY OF BELLINGHAM
## Combining Statement of Changes in Assets and Liabilities
### Agency Funds
#### For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GUARANTY DEPOSIT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 275,672</td>
<td>-</td>
<td>$ 71,336</td>
<td>$ 204,336</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>6,260</td>
<td>-</td>
<td>3,081</td>
<td>3,179</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>281,932</strong></td>
<td>-</td>
<td><strong>74,417</strong></td>
<td><strong>207,515</strong></td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>79,660</td>
<td>-</td>
<td>16,627</td>
<td>63,033</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>202,272</td>
<td>-</td>
<td>57,790</td>
<td>144,482</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>281,932</strong></td>
<td>-</td>
<td><strong>74,417</strong></td>
<td><strong>207,515</strong></td>
</tr>
<tr>
<td><strong>SCHOOL IMPACT FEES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 52,769</td>
<td>-</td>
<td>$ 11,119</td>
<td>$ 41,650</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>52,769</strong></td>
<td>-</td>
<td><strong>11,119</strong></td>
<td><strong>41,650</strong></td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>52,705</td>
<td>-</td>
<td>11,055</td>
<td>41,650</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>64</td>
<td>-</td>
<td>64</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>52,769</strong></td>
<td>-</td>
<td><strong>11,119</strong></td>
<td><strong>41,650</strong></td>
</tr>
<tr>
<td><strong>TOTAL ALL AGENCY FUNDS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 328,441</td>
<td>-</td>
<td>$ 82,455</td>
<td>$ 245,986</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>6,260</td>
<td>-</td>
<td>3,081</td>
<td>3,179</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>334,701</strong></td>
<td>-</td>
<td><strong>85,536</strong></td>
<td><strong>249,165</strong></td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>132,365</td>
<td>-</td>
<td>27,682</td>
<td>104,683</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>202,336</td>
<td>-</td>
<td>57,854</td>
<td>144,482</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>334,701</strong></td>
<td>-</td>
<td><strong>85,536</strong></td>
<td><strong>249,165</strong></td>
</tr>
</tbody>
</table>
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**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Trends</td>
<td>7-2</td>
</tr>
<tr>
<td>Revenue Capacity</td>
<td>7-9</td>
</tr>
<tr>
<td>Debt Capacity</td>
<td>7-13</td>
</tr>
<tr>
<td>Demographic and Economic Information</td>
<td>7-18</td>
</tr>
<tr>
<td>Operating Information</td>
<td>7-21</td>
</tr>
</tbody>
</table>

**Financial Trends**

These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.

**Revenue Capacity**

These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.

**Debt Capacity**

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.

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.

**Operating Information**

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.
## City of Bellingham
### Schedule 1
#### Net Position by Component
##### Last Ten Fiscal Years

(accrual basis of accounting)

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>$220,101,614</td>
<td>$251,023,811</td>
<td>$275,562,771</td>
<td>$294,335,598</td>
<td>$314,661,962</td>
<td>$324,871,812</td>
<td>$333,862,114</td>
<td>$342,989,693</td>
<td>$362,378,047</td>
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<tr>
<td>Restricted</td>
<td>$43,251,138</td>
<td>$43,371,259</td>
<td>$42,022,692</td>
<td>$36,300,224</td>
<td>$48,968,976</td>
<td>$63,216,204</td>
<td>$62,125,404</td>
<td>$70,368,152</td>
<td>$88,313,935</td>
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<tr>
<td>Unrestricted</td>
<td>$56,458,719</td>
<td>$57,555,947</td>
<td>$55,239,874</td>
<td>$46,656,052</td>
<td>$26,636,479</td>
<td>$3,956,622</td>
<td>$10,683,052</td>
<td>$23,564,996</td>
<td>$27,350,712</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business-type activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>$162,349,648</td>
<td>$180,824,082</td>
<td>$184,549,549</td>
<td>$192,943,450</td>
<td>$200,721,924</td>
<td>$202,646,837</td>
<td>$207,441,809</td>
<td>$210,438,253</td>
<td>$215,294,427</td>
<td>$229,373,343</td>
</tr>
<tr>
<td>Restricted</td>
<td>$12,465,769</td>
<td>$10,378,265</td>
<td>$20,483,281</td>
<td>$13,055,191</td>
<td>$12,337,425</td>
<td>$56,042,820</td>
<td>$14,645,165</td>
<td>$4,978,708</td>
<td>$13,004,866</td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$24,743,675</td>
<td>$20,744,147</td>
<td>$16,807,591</td>
<td>$14,771,564</td>
<td>$7,104,917</td>
<td>$(26,780,033)$</td>
<td>$19,030,468</td>
<td>$20,202,114</td>
<td>$36,528,460</td>
<td></td>
</tr>
<tr>
<td>Total business-type activities net position</td>
<td>$199,559,092</td>
<td>$211,946,484</td>
<td>$221,840,421</td>
<td>$220,770,205</td>
<td>$231,909,424</td>
<td>$237,311,584</td>
<td>$245,285,532</td>
<td>$256,801,596</td>
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<td>$266,552,695</td>
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<tr>
<td><strong>Primary government</strong></td>
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<tr>
<td>Net investment in capital assets</td>
<td>$382,451,262</td>
<td>$431,847,893</td>
<td>$460,112,320</td>
<td>$487,279,048</td>
<td>$515,383,866</td>
<td>$527,312,118</td>
<td>$532,313,621</td>
<td>$544,300,367</td>
<td>$558,284,120</td>
<td>$591,751,390</td>
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<td>Restricted</td>
<td>$55,716,907</td>
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<td>$62,505,973</td>
<td>$49,355,415</td>
<td>$115,732,184</td>
<td>$74,055,511</td>
<td>$76,770,569</td>
<td>$75,346,860</td>
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<td>Unrestricted</td>
<td>$81,202,394</td>
<td>$78,300,094</td>
<td>$72,047,465</td>
<td>$61,427,616</td>
<td>$(22,823,411)$</td>
<td>$63,879,172</td>
<td>$3,047,322</td>
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<tr>
<td>Total primary government net position</td>
<td>$519,370,563</td>
<td>$563,897,511</td>
<td>$594,665,758</td>
<td>$598,062,079</td>
<td>$610,431,683</td>
<td>$620,220,891</td>
<td>$636,082,652</td>
<td>$664,838,046</td>
<td>$697,510,152</td>
<td>$696,117,513</td>
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Source: City of Bellingham, government-wide statement of activities (SOA).
## City of Bellingham

### Schedule 2

**Change in Net Position**

**Last Ten Fiscal Years**

*(accrual basis of accounting)*

### Expenses

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<tr>
<td><strong>Governmental activities</strong></td>
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<tr>
<td>General government</td>
<td>13,866,795$</td>
<td>14,284,854$</td>
<td>15,976,149$</td>
<td>15,385,834$</td>
<td>15,074,279$</td>
<td>14,476,790$</td>
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<td>35,049,105$</td>
<td>37,993,287$</td>
<td>36,977,859$</td>
<td>37,219,216$</td>
<td>40,327,955$</td>
<td>39,889,144$</td>
<td>41,780,157$</td>
<td>40,543,763$</td>
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<td>4,231,976$</td>
<td>5,575,401$</td>
<td>6,920,500$</td>
<td>5,053,666$</td>
<td>5,383,923$</td>
<td>6,345,653$</td>
<td>5,262,932$</td>
<td>4,089,216$</td>
<td>4,089,216$</td>
<td>4,089,216$</td>
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<td>Transportation</td>
<td>8,895,051$</td>
<td>9,335,399$</td>
<td>10,571,685$</td>
<td>10,669,612$</td>
<td>12,136,460$</td>
<td>11,838,466$</td>
<td>12,398,818$</td>
<td>17,024,658$</td>
<td>17,024,658$</td>
<td>17,024,658$</td>
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<td>Natural and economic environment</td>
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<td>5,645,655$</td>
<td>6,920,500$</td>
<td>5,053,666$</td>
<td>5,383,923$</td>
<td>6,345,653$</td>
<td>5,262,932$</td>
<td>4,089,216$</td>
<td>4,089,216$</td>
<td>4,089,216$</td>
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<td>Social services</td>
<td>60,093$</td>
<td>45,929$</td>
<td>77,346$</td>
<td>47,087$</td>
<td>77,989$</td>
<td>47,024$</td>
<td>77,562$</td>
<td>238,327$</td>
<td>238,327$</td>
<td>238,327$</td>
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<tr>
<td>Culture and recreation</td>
<td>13,868,673$</td>
<td>13,477,767$</td>
<td>15,719,617$</td>
<td>15,949,086$</td>
<td>24,151,314$</td>
<td>15,799,406$</td>
<td>14,773,090$</td>
<td>13,142,560$</td>
<td>13,553,671$</td>
<td>13,768,352$</td>
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<td>Interest &amp; redemption of long term debt</td>
<td>1,302,372$</td>
<td>1,192,772$</td>
<td>1,146,323$</td>
<td>1,076,982$</td>
<td>957,318$</td>
<td>865,859$</td>
<td>619,606$</td>
<td>2,277,874$</td>
<td>1,929,924$</td>
<td>562,560$</td>
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<tr>
<td><strong>Total governmental activities expenses</strong></td>
<td>$77,760,732$</td>
<td>$83,942,310$</td>
<td>$92,819,131$</td>
<td>$92,944,998$</td>
<td>$117,606,549$</td>
<td>$93,377,583$</td>
<td>$93,087,924$</td>
<td>$96,078,847$</td>
<td>$98,307,325$</td>
<td>$115,693,669$</td>
</tr>
</tbody>
</table>

| **Business-type activities** |               |               |               |               |               |               |               |               |               |               |
| Water                 | 12,475,713$   | 13,141,474$   | 14,190,176$   | 15,130,789$   | 14,684,026$   | 16,338,457$   | 17,830,958$   | 18,831,300$   | 19,497,081$   | 18,327,036$   |
| Wastewater            | 12,748,773$   | 13,418,966$   | 14,394,572$   | 15,354,650$   | 14,896,450$   | 15,474,647$   | 17,715,664$   | 18,726,642$   | 18,840,811$   | 17,696,811$   |
| Surface and stormwater | 3,964,093$    | 4,121,268$    | 4,565,706$    | 4,769,300$    | 5,109,670$    | 5,192,494$    | 5,550,615$    | 5,887,978$    | 6,470,574$    | 6,526,425$    |
| Solid waste           | 1,741,750$    | 1,865,236$    | 985,055$      | 7,697,454$    | 1,251,060$    | 1,070,494$    | 3,820,556$    | 1,059,053$    | 4,639,246$    |
| Cemetery              | 540,511$      | 634,208$      | 612,882$      | 590,617$      | 516,100$      | 526,959$      | 534,234$      | 557,285$      | 553,247$      | 477,242$      |
| Golf course           | 736,496$      | 741,103$      | 150,966$      | 121,507$      | 124,476$      | 124,476$      | 124,476$      | 124,476$      | 124,476$      | 124,476$      |
| Parking               | 1,094,941$    | 984,043$      | 1,196,683$    | 1,251,060$    | 1,470,114$    | 1,323,104$    | 1,285,864$    | 1,292,923$    | 1,936,191$    |
| Medic one             | 7,878,728$    | 8,657,338$    | 9,044,577$    | 7,681,681$    | 7,673,790$    | 7,312,579$    | 7,306,912$    | 7,019,331$    | 7,033,307$    | 5,844,420$    |
| Development services  | 2,747,268$    | 2,574,241$    | 2,888,484$    | 1,926,678$    | 1,725,177$    | 1,606,250$    | 1,685,449$    | 1,670,090$    | 1,987,888$    | 2,378,351$    |
| **Total business-type activities expenses** | $43,928,273$ | $46,137,877$ | $48,029,480$ | $52,562,775$ | $54,039,841$ | $49,297,867$ | $53,141,906$ | $60,264,805$ | $57,954,490$ | $57,955,012$ |
| **Total primary government expenses** | $121,689,005$ | $130,080,187$ | $140,848,591$ | $145,507,773$ | $171,643,390$ | $142,673,650$ | $146,229,830$ | $156,343,652$ | $156,261,815$ | $173,648,681$ |

*Source: City of Bellingham, government-wide statement of activities (SOA).*
## Program Revenues

### Governmental activities

#### Charges for services:

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</thead>
<tbody>
<tr>
<td>General government</td>
<td>$7,378,154</td>
<td>$8,214,128</td>
<td>$7,629,530</td>
<td>$1,846,028</td>
<td>$7,971,785</td>
<td>$8,609,125</td>
<td>$9,995,525</td>
<td>$10,926,041</td>
<td>$10,457,416</td>
<td>$7,662,685</td>
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<td>Public safety</td>
<td>4,716,786</td>
<td>5,536,189</td>
<td>4,652,808</td>
<td>5,031,673</td>
<td>3,649,014</td>
<td>3,919,904</td>
<td>4,847,396</td>
<td>5,021,635</td>
<td>6,555,208</td>
<td>5,871,325</td>
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<tr>
<td>Transportation</td>
<td>820,489</td>
<td>982,665</td>
<td>780,990</td>
<td>1,575,309</td>
<td>2,969,540</td>
<td>1,789,375</td>
<td>2,892,800</td>
<td>2,744,691</td>
<td>1,795,120</td>
<td>137,924</td>
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<tr>
<td>Natural and economic environment</td>
<td>1,576,664</td>
<td>1,340,234</td>
<td>1,031,818</td>
<td>1,608,883</td>
<td>-</td>
<td>30,159</td>
<td>21,557</td>
<td>13,771</td>
<td>148,321</td>
<td>-</td>
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<tr>
<td>Culture and recreation</td>
<td>1,579,059</td>
<td>1,658,473</td>
<td>2,957,313</td>
<td>3,368,716</td>
<td>3,492,695</td>
<td>3,235,228</td>
<td>3,348,290</td>
<td>4,136,307</td>
<td>4,049,345</td>
<td>3,730,015</td>
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<tr>
<td>Operating grants and contributions</td>
<td>4,365,394</td>
<td>3,493,504</td>
<td>4,654,983</td>
<td>6,194,611</td>
<td>6,835,919</td>
<td>5,438,395</td>
<td>6,169,221</td>
<td>6,118,748</td>
<td>5,402,055</td>
<td>6,183,599</td>
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<tr>
<td><strong>Total governmental activities program revenues</strong></td>
<td>$31,585,852</td>
<td>$35,227,861</td>
<td>$33,177,213</td>
<td>$48,056,507</td>
<td>$31,102,338</td>
<td>$40,274,712</td>
<td>$39,281,310</td>
<td>$35,623,252</td>
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#### Business-type activities

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<tbody>
<tr>
<td>Water</td>
<td>$13,715,124</td>
<td>$14,426,124</td>
<td>$14,906,201</td>
<td>$15,252,014</td>
<td>$16,632,474</td>
<td>$17,374,266</td>
<td>$20,657,488</td>
<td>$22,823,773</td>
<td>$23,305,823</td>
<td>$24,091,668</td>
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<td>Wastewater</td>
<td>14,327,011</td>
<td>15,269,074</td>
<td>17,076,027</td>
<td>15,809,211</td>
<td>16,529,749</td>
<td>17,442,198</td>
<td>18,866,004</td>
<td>19,389,261</td>
<td>20,766,951</td>
<td>8,502,059</td>
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<tr>
<td>Surface and stormwater</td>
<td>4,426,473</td>
<td>4,884,658</td>
<td>4,950,172</td>
<td>4,743,490</td>
<td>4,832,967</td>
<td>5,388,976</td>
<td>5,526,016</td>
<td>5,600,655</td>
<td>7,202,502</td>
<td>193,954</td>
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<td>Solid waste</td>
<td>830,445</td>
<td>308,130</td>
<td>233,471</td>
<td>211,874</td>
<td>196,329</td>
<td>220,301</td>
<td>236,780</td>
<td>249,253</td>
<td>264,188</td>
<td>193,954</td>
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<td>Cemetery</td>
<td>305,660</td>
<td>366,090</td>
<td>346,156</td>
<td>244,710</td>
<td>244,495</td>
<td>274,444</td>
<td>275,548</td>
<td>281,712</td>
<td>318,244</td>
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<td>Golf course</td>
<td>757,042</td>
<td>729,949</td>
<td>184,297</td>
<td>189,999</td>
<td>189,450</td>
<td>248,818</td>
<td>213,790</td>
<td>186,091</td>
<td>182,919</td>
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<td>Parking</td>
<td>1,106,119</td>
<td>2,375,143</td>
<td>2,285,357</td>
<td>2,351,599</td>
<td>2,377,394</td>
<td>2,229,067</td>
<td>2,173,587</td>
<td>2,085,321</td>
<td>2,189,751</td>
<td>2,552,235</td>
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<td>Medic one</td>
<td>5,944,914</td>
<td>7,291,514</td>
<td>8,024,156</td>
<td>6,574,164</td>
<td>6,397,643</td>
<td>6,106,185</td>
<td>6,714,586</td>
<td>5,911,804</td>
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<td>Development services</td>
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<td>2,866,133</td>
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<td>2,896,780</td>
<td>3,220,430</td>
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<tr>
<td>Operating grants and contributions</td>
<td>4,365,394</td>
<td>3,493,504</td>
<td>4,654,983</td>
<td>6,194,611</td>
<td>6,835,919</td>
<td>5,438,395</td>
<td>6,169,221</td>
<td>6,118,748</td>
<td>5,402,055</td>
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<tr>
<td>Capital grants and contributions</td>
<td>8,240,714</td>
<td>11,137,427</td>
<td>8,277,317</td>
<td>9,921,191</td>
<td>3,352,046</td>
<td>3,287,138</td>
<td>9,392,828</td>
<td>7,695,787</td>
<td>10,457,416</td>
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<tr>
<td><strong>Total business-type activities program revenues</strong></td>
<td>$47,532,840</td>
<td>$50,324,681</td>
<td>$52,741,099</td>
<td>$49,433,546</td>
<td>$50,796,016</td>
<td>$53,507,721</td>
<td>$57,200,529</td>
<td>$61,028,388</td>
<td>$73,655,657</td>
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### Net revenue (expense)

**Governmental activities**

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<tbody>
<tr>
<td><strong>Total primary government program revenues</strong></td>
<td>$79,118,672</td>
<td>$85,552,542</td>
<td>$86,058,312</td>
<td>$82,436,707</td>
<td>$86,952,523</td>
<td>$81,702,167</td>
<td>$81,302,866</td>
<td>$101,303,689</td>
<td>$109,278,909</td>
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**Source:** City of Bellingham, government-wide statement of activities (SOA).
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<td><strong>General Revenues and Other Changes in Net Assets</strong></td>
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<tr>
<td><strong>Taxes</strong></td>
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<tr>
<td>Property taxes</td>
<td>13,092,773</td>
<td>15,905,123</td>
<td>16,683,534</td>
<td>16,998,700</td>
<td>17,351,542</td>
<td>17,628,836</td>
<td>20,986,967</td>
<td>21,420,754</td>
<td>21,921,209</td>
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<td>Real estate excise tax REET</td>
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<td>3,663,842</td>
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<td>Other taxes</td>
<td>4,522,487</td>
<td>4,085,034</td>
<td>3,330,446</td>
<td>2,912,563</td>
<td>2,559,299</td>
<td>2,466,211</td>
<td>2,375,785</td>
<td>2,556,628</td>
<td>2,966,110</td>
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<td>Investment income</td>
<td>3,878,646</td>
<td>4,776,518</td>
<td>4,274,577</td>
<td>1,436,128</td>
<td>1,551,747</td>
<td>1,366,413</td>
<td>1,134,224</td>
<td>176,643</td>
<td>1,556,628</td>
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<td>Miscellaneous sources (uses)</td>
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<tr>
<td>Transfers</td>
<td>(44,337)</td>
<td>(202,204)</td>
<td>(480,030)</td>
<td>(219,922)</td>
<td>(687,592)</td>
<td>(2,763,834)</td>
<td>(1,304,553)</td>
<td>(1,715,147)</td>
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<tr>
<td><strong>Total governmental activities</strong></td>
<td>66,369,963</td>
<td>78,363,219</td>
<td>71,659,408</td>
<td>64,408,374</td>
<td>63,233,493</td>
<td>68,350,554</td>
<td>72,353,760</td>
<td>76,806,670</td>
<td>82,310,059</td>
<td>91,549,487</td>
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<tr>
<td><strong>Business-type activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Business taxes</td>
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<td>1,271,585</td>
<td>1,186,561</td>
<td>1,352,583</td>
<td>1,252,349</td>
<td>1,244,127</td>
<td>1,274,696</td>
<td>1,300,240</td>
<td>1,370,813</td>
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<td>Other taxes</td>
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<td>595,633</td>
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<td>-</td>
<td>-</td>
<td>636,485</td>
<td>663,189</td>
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<td>2,075,081</td>
<td>2,709,735</td>
<td>2,843,893</td>
<td>783,800</td>
<td>773,678</td>
<td>774,753</td>
<td>(211,280)</td>
<td>775,424</td>
<td>433,883</td>
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<td>Miscellaneous sources (uses)</td>
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<tr>
<td>Transfers</td>
<td>44,337</td>
<td>202,204</td>
<td>480,030</td>
<td>219,922</td>
<td>687,592</td>
<td>1,455,455</td>
<td>2,763,834</td>
<td>1,304,553</td>
<td>(1,715,147)</td>
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<tr>
<td>Special items</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>807,763</td>
</tr>
<tr>
<td><strong>Total business-type activities</strong></td>
<td>3,633,086</td>
<td>5,798,423</td>
<td>5,182,288</td>
<td>2,186,516</td>
<td>2,637,886</td>
<td>1,945,877</td>
<td>3,430,774</td>
<td>7,991,672</td>
<td>3,632,164</td>
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<tr>
<td><strong>Total primary government</strong></td>
<td>70,003,049</td>
<td>84,161,642</td>
<td>76,841,696</td>
<td>66,594,890</td>
<td>65,871,379</td>
<td>70,296,431</td>
<td>75,784,534</td>
<td>84,798,342</td>
<td>92,357,250</td>
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<tr>
<td><strong>Change in net position</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Governmental activities</td>
<td>20,195,063</td>
<td>28,648,770</td>
<td>12,157,490</td>
<td>4,466,537</td>
<td>6,316,549</td>
<td>3,167,417</td>
<td>10,368,173</td>
<td>21,002,535</td>
<td>23,284,044</td>
<td>11,479,070</td>
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<tr>
<td>Business-type activities</td>
<td>7,237,653</td>
<td>9,985,227</td>
<td>9,893,927</td>
<td>(942,713)</td>
<td>(605,939)</td>
<td>6,157,531</td>
<td>7,489,387</td>
<td>8,755,844</td>
<td>11,516,063</td>
<td>16,508,408</td>
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<td>Prior period adjustments</td>
<td>-</td>
<td>18,452,702</td>
<td>8,716,830</td>
<td>(127,503)</td>
<td>19,292,092</td>
<td>464,252</td>
<td>(1,995,809)</td>
<td>-</td>
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<tr>
<td>Change in accounting principles</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,002,979)</td>
<td>(2,128,001)</td>
<td>-</td>
<td>-</td>
<td>(29,380,114)</td>
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<tr>
<td><strong>Total primary government</strong></td>
<td>27,432,716</td>
<td>58,086,699</td>
<td>30,768,247</td>
<td>3,396,321</td>
<td>12,369,604</td>
<td>9,789,200</td>
<td>15,861,761</td>
<td>28,755,400</td>
<td>32,672,106</td>
<td>139,636</td>
</tr>
</tbody>
</table>

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

Note: REET was pulled out and reported separately from "Other taxes" beginning in 2015.
# Schedule 3

## Fund Balances, Governmental Funds

### Last Ten Fiscal Years

*(modified accrual basis of accounting)*

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Reserved</td>
<td>1,637,368</td>
<td>1,453,257</td>
<td>1,261,782</td>
<td>1,062,649</td>
<td>$855,551</td>
<td>-</td>
<td>$</td>
<td>-</td>
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<td>-</td>
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<tr>
<td>Unreserved</td>
<td>12,573,654</td>
<td>24,242,434</td>
<td>14,489,331</td>
<td>12,787,288</td>
<td>12,549,757</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Nonspendable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>640,985</td>
<td>744,750</td>
<td>185,207</td>
<td>3,500</td>
<td>4,214</td>
</tr>
<tr>
<td>Restricted</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>853,834</td>
<td>13,410,236</td>
<td>17,658,044</td>
<td>21,273,248</td>
<td>20,202,023</td>
</tr>
<tr>
<td>Committed</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,156,556</td>
<td>11,125,469</td>
<td>10,967,866</td>
<td>10,864,827</td>
<td>8,975,034</td>
</tr>
<tr>
<td>Assigned</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>150,409</td>
<td>8,210,509</td>
<td>8,429</td>
<td>11,159</td>
<td>4,142</td>
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<td>Unassigned</td>
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<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Total general fund**

| 14,211,022 | 25,695,691 | 15,751,113 | 13,849,937 | 13,405,308 | 15,510,224 | 38,154,130 | 43,327,533 |

<table>
<thead>
<tr>
<th>All Other Governmental Funds</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special revenue funds</td>
<td>1,000</td>
<td>1,000</td>
<td>2,000</td>
<td>2,000</td>
<td>11,447,677</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Debt service funds</td>
<td>758,584</td>
<td>475,591</td>
<td>496,110</td>
<td>587,923</td>
<td>9,360,229</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Permanent funds</td>
<td>5,982,770</td>
<td>6,372,896</td>
<td>6,673,126</td>
<td>7,076,747</td>
<td>7,458,448</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unreserved, reported in:</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Special revenue funds</td>
<td>40,125,731</td>
<td>40,496,481</td>
<td>37,748,500</td>
<td>30,188,799</td>
<td>31,602,827</td>
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<td>-</td>
</tr>
<tr>
<td>Capital project funds</td>
<td>1,771,842</td>
<td>828,930</td>
<td>139,972</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Permanent funds</td>
<td>523,616</td>
<td>747,704</td>
<td>757,342</td>
<td>857,725</td>
<td>688,451</td>
<td>-</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Nonspendable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,880,845</td>
<td>20,836,763</td>
<td>8,766,712</td>
<td>9,096,202</td>
<td>9,545,096</td>
</tr>
<tr>
<td>Restricted</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>47,246,996</td>
<td>17,844,025</td>
<td>35,051,972</td>
<td>39,889,984</td>
<td>43,745,102</td>
</tr>
<tr>
<td>Committed</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Assigned</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unassigned</td>
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<td>-</td>
<td>-</td>
<td>(635,116)</td>
<td>(463)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Total all other governmental funds**

| 49,163,543 | 48,922,602 | 45,817,050 | 43,816,194 | 43,816,884 | 48,986,186 | 53,290,198 |

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>63,374,565</td>
<td>74,618,293</td>
<td>61,568,163</td>
<td>52,563,131</td>
<td>73,962,940</td>
<td>70,002,949</td>
<td>77,853,995</td>
<td>87,146,217</td>
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</tr>
</tbody>
</table>

Source: City of Bellingham, governmental fund balance sheet.

Note: In 2011, GASB statement no. 54 changed the classification of fund balances and the definition of special revenue funds. As a result of the revised definition of special revenue funds, several funds have been merged into the General Fund for reporting purposes: In 2011, the Street fund; In 2012 an additional eleven former special revenue funds, in 2014, the Federal Building fund. In 2013, it was determined that a rainy day fund within the General Fund, previously reported as restricted fund balance, should be reported as unassigned.
# Changes in Fund Balances, Governmental Funds
## Last Ten Fiscal Years
*(modified accrual basis of accounting)*

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Licenses and permits</td>
<td>839,561</td>
<td>917,718</td>
<td>962,989</td>
<td>966,937</td>
<td>1,070,290</td>
<td>1,078,032</td>
<td>1,232,642</td>
<td>1,300,553</td>
<td>1,258,008</td>
<td>1,284,618</td>
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<td>Intergovernmental revenue</td>
<td>10,839,504</td>
<td>11,980,989</td>
<td>12,338,995</td>
<td>17,625,391</td>
<td>17,238,533</td>
<td>9,972,732</td>
<td>10,624,466</td>
<td>11,542,756</td>
<td>11,508,745</td>
<td>14,993,044</td>
</tr>
<tr>
<td>Charges for services</td>
<td>15,282,851</td>
<td>18,728,092</td>
<td>15,205,392</td>
<td>15,971,339</td>
<td>16,269,473</td>
<td>16,066,214</td>
<td>18,196,715</td>
<td>21,243,000</td>
<td>21,838,838</td>
<td>16,885,318</td>
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<td>Fines and penalties</td>
<td>1,757,922</td>
<td>1,153,695</td>
<td>1,136,335</td>
<td>1,245,620</td>
<td>1,219,571</td>
<td>1,224,859</td>
<td>1,172,060</td>
<td>1,159,922</td>
<td>1,072,066</td>
<td>986,371</td>
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</table>

<table>
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<th>Expenditures</th>
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<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General government services</td>
<td>14,188,145</td>
<td>14,081,146</td>
<td>16,141,149</td>
<td>15,507,332</td>
<td>14,913,851</td>
<td>14,161,812</td>
<td>13,278,942</td>
<td>15,364,903</td>
<td>15,364,903</td>
<td>15,364,903</td>
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<tr>
<td>Public safety</td>
<td>31,616,600</td>
<td>33,044,238</td>
<td>37,662,623</td>
<td>36,575,103</td>
<td>36,378,223</td>
<td>39,354,251</td>
<td>40,200,861</td>
<td>41,363,417</td>
<td>42,045,095</td>
<td>42,045,095</td>
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<td>Physical environment</td>
<td>4,374,785</td>
<td>4,938,868</td>
<td>6,752,365</td>
<td>7,391,028</td>
<td>5,476,279</td>
<td>6,638,368</td>
<td>54,331</td>
<td>-</td>
<td>-</td>
<td>54,331</td>
</tr>
<tr>
<td>Transportation</td>
<td>4,975,443</td>
<td>5,234,218</td>
<td>5,904,387</td>
<td>5,767,047</td>
<td>5,541,435</td>
<td>5,698,525</td>
<td>5,992,118</td>
<td>14,472,294</td>
<td>15,052,977</td>
<td>12,923,158</td>
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<td>Natural and economic environment</td>
<td>5,494,392</td>
<td>4,976,102</td>
<td>5,398,503</td>
<td>5,939,617</td>
<td>3,863,451</td>
<td>6,798,451</td>
<td>7,197,542</td>
<td>7,477,652</td>
<td>7,477,652</td>
<td>7,477,652</td>
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<tr>
<td>Social services</td>
<td>60,093</td>
<td>45,929</td>
<td>77,346</td>
<td>47,087</td>
<td>77,989</td>
<td>47,024</td>
<td>77,562</td>
<td>238,327</td>
<td>-</td>
<td>154,472</td>
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<tr>
<td>Debt service</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Redemption of general long-term debt</td>
<td>2,633,025</td>
<td>2,519,893</td>
<td>2,664,430</td>
<td>2,219,918</td>
<td>2,180,422</td>
<td>1,810,964</td>
<td>1,721,544</td>
<td>1,375,868</td>
<td>1,386,839</td>
<td>1,396,604</td>
</tr>
<tr>
<td>Interest and other debt service cost</td>
<td>1,316,975</td>
<td>1,207,355</td>
<td>1,162,285</td>
<td>1,091,742</td>
<td>972,391</td>
<td>871,312</td>
<td>553,657</td>
<td>545,172</td>
<td>742,777</td>
<td>742,777</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>21,129,218</td>
<td>15,820,342</td>
<td>23,250,908</td>
<td>20,521,065</td>
<td>17,739,732</td>
<td>9,469,488</td>
<td>13,663,061</td>
<td>16,346,125</td>
<td>26,366,311</td>
<td>26,366,311</td>
</tr>
</tbody>
</table>

| Other Financing Sources (Uses) | | | | | | | | | | |
| General long-term debt | - | - | - | - | - | - | 508,824 | - | 1,010,336 | 3,205,000 |
| Gain (loss) on sale of capital assets | - | - | - | - | - | - | 338,277 | - | - | - |
| Premiums on bonds sold | - | - | - | - | - | - | - | - | 330,418 | |
| Insurance recoveries | - | - | - | - | 1,008,046 | 119,800 | 12,010 | - | - | - |
| Transfers in | 9,896,036 | 4,901,560 | 3,649,291 | 3,203,500 | 3,507,589 | 2,950,709 | 3,497,509 | 2,202,093 | 1,662,223 | 2,534,966 |
| Transfers out | (10,226,222) | (6,527,547) | (6,688,446) | (4,051,436) | (4,206,417) | (4,967,928) | (6,756,819) | (6,933,764) | (4,542,647) | (4,431,062) |
| Total other financing sources and (uses) | (330,186) | (1,625,987) | (2,131,109) | (728,136) | (686,818) | (1,678,942) | (2,750,486) | (4,491,671) | (1,870,088) | 1,639,322 |
| Prior period adjustments | - | - | - | - | 19,292,090 | (1,269,587) | 326,483 | - | - | - |
| Net change in fund balances | (2,386,585) | 16,005,069 | (13,050,133) | (9,005,039) | 2,107,719 | (2,890,406) | 7,524,570 | 9,292,218 | 10,239,442 | 5,203,497 |

Debt service as a % of non-capital expenditures: 5.1% 4.7% 4.2% 3.7% 3.7% 3.2% 2.7% 2.2% 2.1% 2.1%

Source: City of Bellingham, governmental fund statement of revenues, expenditures, and changes in fund balances.
### City of Bellingham
#### Schedule 5

**Tax Revenues by Source, Governmental Funds**

**Last Ten Fiscal Years**

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Property</th>
<th>Sales &amp; use</th>
<th>Real estate excise</th>
<th>Business &amp; occupation</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>15,800,811</td>
<td>21,854,573</td>
<td>3,419,608</td>
<td>24,788,213</td>
<td>613,891</td>
<td>66,477,096</td>
</tr>
<tr>
<td>2008</td>
<td>16,620,768</td>
<td>21,603,021</td>
<td>2,540,771</td>
<td>25,381,336</td>
<td>641,818</td>
<td>66,787,714</td>
</tr>
<tr>
<td>2009</td>
<td>16,417,702</td>
<td>18,763,691</td>
<td>1,878,291</td>
<td>25,081,500</td>
<td>910,044</td>
<td>63,051,228</td>
</tr>
<tr>
<td>2012</td>
<td>17,660,090</td>
<td>25,823,907</td>
<td>2,296,408</td>
<td>26,097,371</td>
<td>784,908</td>
<td>72,662,684</td>
</tr>
<tr>
<td>2013</td>
<td>21,050,298</td>
<td>28,021,705</td>
<td>2,337,770</td>
<td>26,731,259</td>
<td>732,950</td>
<td>78,873,982</td>
</tr>
<tr>
<td>2014</td>
<td>21,421,965</td>
<td>29,355,254</td>
<td>2,529,869</td>
<td>27,648,814</td>
<td>977,860</td>
<td>81,933,762</td>
</tr>
<tr>
<td>2015</td>
<td>21,949,543</td>
<td>29,692,863</td>
<td>3,663,842</td>
<td>29,884,433</td>
<td>1,023,206</td>
<td>86,213,887</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Change</th>
<th>67.87%</th>
<th>34.14%</th>
<th>-5.04%</th>
<th>30.84%</th>
<th>68.57%</th>
<th>37.90%</th>
</tr>
</thead>
</table>

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

### Schedule 6

**Assessed Value of Taxable Property**

**Last Ten Fiscal Years**

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Real property</th>
<th>Personal property</th>
<th>Total all property</th>
<th>Total direct tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$6,229,382,888</td>
<td>$405,622,601</td>
<td>$6,635,005,489</td>
<td>2.20442</td>
</tr>
<tr>
<td>2007</td>
<td>6,443,574,163</td>
<td>425,074,376</td>
<td>6,868,648,539</td>
<td>2.53663</td>
</tr>
<tr>
<td>2008</td>
<td>6,615,264,144</td>
<td>455,422,134</td>
<td>7,070,686,278</td>
<td>2.56107</td>
</tr>
<tr>
<td>2009</td>
<td>7,619,785,052</td>
<td>459,771,470</td>
<td>8,079,556,522</td>
<td>2.28112</td>
</tr>
<tr>
<td>2010</td>
<td>8,059,113,899</td>
<td>537,883,799</td>
<td>8,596,997,698</td>
<td>2.22117</td>
</tr>
<tr>
<td>2011</td>
<td>8,011,858,018</td>
<td>404,941,014</td>
<td>8,416,799,032</td>
<td>2.30346</td>
</tr>
<tr>
<td>2012</td>
<td>7,926,656,654</td>
<td>400,634,706</td>
<td>8,327,291,360</td>
<td>2.34812</td>
</tr>
<tr>
<td>2013</td>
<td>7,948,478,438</td>
<td>400,149,623</td>
<td>8,348,628,061</td>
<td>2.73554</td>
</tr>
<tr>
<td>2014</td>
<td>8,134,585,561</td>
<td>419,461,150</td>
<td>8,554,046,711</td>
<td>2.73538</td>
</tr>
<tr>
<td>2015</td>
<td>8,430,205,958</td>
<td>450,981,681</td>
<td>8,881,187,639</td>
<td>2.69496</td>
</tr>
</tbody>
</table>

*Source: Whatcom County Assessor's Office.*

*Note: Property in Whatcom County is reassessed annually using 100% of fair market value. Tax rates per $1,000 of assessed value.*
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct Levy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonvoted</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General fund</td>
<td>$1.68297</td>
<td>$1.68677</td>
<td>$1.70899</td>
<td>$1.49912</td>
<td>$1.45770</td>
<td>$1.52788</td>
<td>$1.58776</td>
<td>$1.60885</td>
<td>$1.61634</td>
<td>$1.59702</td>
</tr>
<tr>
<td>Fire pension</td>
<td>0.22500</td>
<td>0.22500</td>
<td>0.22500</td>
<td>0.22500</td>
<td>0.22500</td>
<td>0.22500</td>
<td>0.22500</td>
<td>0.22500</td>
<td>0.22499</td>
<td>0.22499</td>
</tr>
<tr>
<td>Whatcom RDA LIFT</td>
<td>-</td>
<td>-</td>
<td>0.00018</td>
<td>0.00021</td>
<td>0.00018</td>
<td>0.00226</td>
<td>0.00302</td>
<td>0.00293</td>
<td>0.00384</td>
<td>0.00414</td>
</tr>
<tr>
<td>Total nonvoted</td>
<td>1.90797</td>
<td>1.91177</td>
<td>1.93417</td>
<td>1.72433</td>
<td>1.75514</td>
<td>1.81578</td>
<td>1.83678</td>
<td>1.84518</td>
<td>1.82615</td>
<td></td>
</tr>
<tr>
<td><strong>Voted</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greenways</td>
<td>0.24761</td>
<td>0.57000</td>
<td>0.57493</td>
<td>0.51163</td>
<td>0.49651</td>
<td>0.51645</td>
<td>0.53235</td>
<td>0.53942</td>
<td>0.53949</td>
<td>0.53101</td>
</tr>
<tr>
<td>Affordable housing</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.35934</td>
<td>0.35071</td>
</tr>
<tr>
<td>Voted excess levies</td>
<td>0.04884</td>
<td>0.05486</td>
<td>0.05197</td>
<td>0.04516</td>
<td>0.04178</td>
<td>0.03187</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total voted</td>
<td>0.29645</td>
<td>0.62486</td>
<td>0.62690</td>
<td>0.55679</td>
<td>0.53829</td>
<td>0.54832</td>
<td>0.53235</td>
<td>0.89876</td>
<td>0.89020</td>
<td>0.86881</td>
</tr>
<tr>
<td><strong>Total City</strong></td>
<td>$2.20442</td>
<td>$2.53663</td>
<td>$2.56107</td>
<td>$2.28112</td>
<td>$2.22117</td>
<td>$2.30346</td>
<td>$2.34813</td>
<td>$2.73554</td>
<td>$2.73538</td>
<td>$2.69496</td>
</tr>
<tr>
<td><strong>Overlapping districts levy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State schools</td>
<td>$2.97937</td>
<td>$2.69846</td>
<td>$2.42701</td>
<td>$2.21902</td>
<td>$2.19787</td>
<td>$2.45657</td>
<td>$2.50814</td>
<td>$2.67073</td>
<td>$2.61643</td>
<td>$2.48364</td>
</tr>
<tr>
<td>County levy</td>
<td>1.32537</td>
<td>1.14785</td>
<td>1.08884</td>
<td>1.01676</td>
<td>1.02054</td>
<td>1.11230</td>
<td>1.13438</td>
<td>1.15453</td>
<td>1.16469</td>
<td>1.15423</td>
</tr>
<tr>
<td>Conservation futures</td>
<td>0.05148</td>
<td>0.04453</td>
<td>0.04229</td>
<td>0.03949</td>
<td>0.01714</td>
<td>0.04125</td>
<td>0.04205</td>
<td>0.04279</td>
<td>0.04313</td>
<td>0.04274</td>
</tr>
<tr>
<td>Flood control</td>
<td>0.16582</td>
<td>0.14354</td>
<td>0.13625</td>
<td>0.16598</td>
<td>0.16299</td>
<td>0.13243</td>
<td>0.13512</td>
<td>0.13755</td>
<td>0.13883</td>
<td>0.13760</td>
</tr>
<tr>
<td>Port of Bellingham</td>
<td>0.38320</td>
<td>0.34220</td>
<td>0.32465</td>
<td>0.30593</td>
<td>0.29601</td>
<td>0.29719</td>
<td>0.28899</td>
<td>0.28610</td>
<td>0.28871</td>
<td>0.28776</td>
</tr>
</tbody>
</table>

Source: Whatcom County Assessor's Office.

Note: A portion of the City of Bellingham lies within the Meridian School District. The 2015 levy rate for Meridian is 5.05603.
# City of Bellingham

## Schedule 8

### Principal Property Tax Payers

Current Year and Nine Years Prior

<table>
<thead>
<tr>
<th>Taxpayer</th>
<th>2015 Taxable assessed value</th>
<th>2015 Rank</th>
<th>2015 Percentage of total assessed value</th>
<th>2006 Taxable assessed value</th>
<th>2006 Rank</th>
<th>2006 Percentage of total assessed value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Puget Sound Energy</td>
<td>$159,409,227</td>
<td>1</td>
<td>1.79%</td>
<td>$137,514,712</td>
<td>1</td>
<td>2.07%</td>
</tr>
<tr>
<td>Bellis Fair Partners</td>
<td>43,620,592</td>
<td>2</td>
<td>0.49%</td>
<td>32,856,940</td>
<td>2</td>
<td>0.50%</td>
</tr>
<tr>
<td>PKII Sunset Square LLC</td>
<td>34,260,531</td>
<td>3</td>
<td>0.39%</td>
<td>20,891,450</td>
<td>3</td>
<td>0.31%</td>
</tr>
<tr>
<td>Belleau Woods LLC</td>
<td>21,748,617</td>
<td>4</td>
<td>0.24%</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Bellingham Cold Storage Co</td>
<td>19,969,586</td>
<td>5</td>
<td>0.22%</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Bellwether Gate LLC</td>
<td>18,643,760</td>
<td>6</td>
<td>0.21%</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Sisters of St Joseph of Peace</td>
<td>18,530,059</td>
<td>7</td>
<td>0.21%</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>PAX Medical Holdings</td>
<td>17,573,030</td>
<td>8</td>
<td>0.20%</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Barkley Lifestyle LLC</td>
<td>16,944,614</td>
<td>9</td>
<td>0.19%</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Roundup Co dba Fred Meyer</td>
<td>16,321,043</td>
<td>10</td>
<td>0.18%</td>
<td>15,537,950</td>
<td>5</td>
<td>0.23%</td>
</tr>
<tr>
<td>Qwest (US West)</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td>17,250,001</td>
<td>4</td>
<td>0.26%</td>
</tr>
<tr>
<td>Metropolitan Life Insurance</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td>13,356,365</td>
<td>6</td>
<td>0.20%</td>
</tr>
<tr>
<td>Haggen Talbot Co Ltd</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td>13,315,970</td>
<td>7</td>
<td>0.20%</td>
</tr>
<tr>
<td>Walmart Real Estate Business Trust</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td>12,203,245</td>
<td>8</td>
<td>0.18%</td>
</tr>
<tr>
<td>Lowe’s HIW Inc</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td>12,173,910</td>
<td>9</td>
<td>0.18%</td>
</tr>
<tr>
<td>4545 Cordata Parkway LLC</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td>12,137,065</td>
<td>10</td>
<td>0.18%</td>
</tr>
<tr>
<td><strong>Total top ten principal taxpayers</strong></td>
<td><strong>367,021,059</strong></td>
<td><strong>4.13%</strong></td>
<td></td>
<td><strong>262,926,633</strong></td>
<td><strong>3.96%</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total all taxpayers</strong></td>
<td>$8,881,187,639</td>
<td>100.00%</td>
<td></td>
<td>$6,635,005,489</td>
<td>100.00%</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Whatcom County Assessor’s Office.*
## City of Bellingham

### Schedule 9

**Property Tax Levies and Collections**

**Last Ten Fiscal Years**

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Taxes levied for the fiscal year</th>
<th>Collected within 1st year of the levy</th>
<th>Percentage collected in 1st year</th>
<th>Levy Adjustments</th>
<th>Collections in Subsequent Years</th>
<th>Total collections to date</th>
<th>Tax balance due</th>
<th>Percentage of levy collected</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$14,623,252</td>
<td>$14,371,570</td>
<td>98.2789%</td>
<td>-</td>
<td>$251,682</td>
<td>$14,623,252</td>
<td>-</td>
<td>100.0000%</td>
</tr>
<tr>
<td>2007</td>
<td>17,419,207</td>
<td>17,161,069</td>
<td>98.5181%</td>
<td>-</td>
<td>258,138</td>
<td>17,419,207</td>
<td>-</td>
<td>100.0000%</td>
</tr>
<tr>
<td>2008</td>
<td>18,104,429</td>
<td>17,976,878</td>
<td>99.2955%</td>
<td>-</td>
<td>127,371</td>
<td>18,104,249</td>
<td>180</td>
<td>99.9990%</td>
</tr>
<tr>
<td>2009</td>
<td>18,426,728</td>
<td>18,187,142</td>
<td>99.3055%</td>
<td>-</td>
<td>237,457</td>
<td>18,424,599</td>
<td>2,129</td>
<td>99.9990%</td>
</tr>
<tr>
<td>2010</td>
<td>19,091,521</td>
<td>18,682,177</td>
<td>97.8559%</td>
<td>164</td>
<td>406,092</td>
<td>19,088,269</td>
<td>3,088</td>
<td>99.9884%</td>
</tr>
<tr>
<td>2011</td>
<td>19,384,545</td>
<td>19,048,860</td>
<td>98.2683%</td>
<td>(6,097)</td>
<td>340,768</td>
<td>19,389,628</td>
<td>1,014</td>
<td>99.9948%</td>
</tr>
<tr>
<td>2012</td>
<td>19,553,465</td>
<td>19,253,132</td>
<td>98.4640%</td>
<td>(2,708)</td>
<td>299,600</td>
<td>19,552,732</td>
<td>3,441</td>
<td>99.9824%</td>
</tr>
<tr>
<td>2013</td>
<td>22,841,687</td>
<td>22,549,616</td>
<td>97.9274%</td>
<td>(29,165)</td>
<td>286,468</td>
<td>22,836,084</td>
<td>34,768</td>
<td>99.8478%</td>
</tr>
<tr>
<td>2014</td>
<td>23,403,537</td>
<td>23,111,156</td>
<td>98.6601%</td>
<td>(21,208)</td>
<td>234,210</td>
<td>23,111,156</td>
<td>79,379</td>
<td>98.6601%</td>
</tr>
<tr>
<td>2015</td>
<td>23,940,035</td>
<td>23,702,605</td>
<td>98.9853%</td>
<td>(5,498)</td>
<td>23,702,605</td>
<td>242,928</td>
<td>98.9853%</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Whatcom County Treasurer's Office.*

*Note: The County has written off outstanding tax balances for levies prior to 2008.*
### Ratios of Outstanding Debt by Type
#### Last Ten Fiscal Years

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>General obligation bonds</th>
<th>Special assessment bonds</th>
<th>Notes payable</th>
<th>Government loans payable</th>
<th>Revenue bonds (net)</th>
<th>General obligation bonds (net)</th>
<th>Notes payable</th>
<th>Government loans payable</th>
<th>Total primary government</th>
<th>Percentage of personal income**</th>
<th>Per capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$25,045,000</td>
<td>$1,295,000</td>
<td>$172,612</td>
<td>$2,977,826</td>
<td>$25,512,805</td>
<td>$9,024,038</td>
<td>$2,000,000</td>
<td>$2,527,532</td>
<td>$68,554,813</td>
<td>2.79%</td>
<td>907</td>
</tr>
<tr>
<td>2007</td>
<td>23,255,000</td>
<td>925,000</td>
<td>166,539</td>
<td>2,624,007</td>
<td>23,006,084</td>
<td>8,654,352</td>
<td>1,500,000</td>
<td>2,370,545</td>
<td>62,501,527</td>
<td>2.28%</td>
<td>802</td>
</tr>
<tr>
<td>2008</td>
<td>21,542,912</td>
<td>514,485</td>
<td>160,027</td>
<td>2,211,089</td>
<td>26,435,000</td>
<td>8,245,098</td>
<td>1,000,000</td>
<td>2,177,772</td>
<td>62,286,383</td>
<td>2.16%</td>
<td>791</td>
</tr>
<tr>
<td>2009</td>
<td>19,716,556</td>
<td>286,110</td>
<td>153,045</td>
<td>2,053,154</td>
<td>23,660,000</td>
<td>7,850,585</td>
<td>-</td>
<td>1,985,000</td>
<td>55,704,450</td>
<td>1.98%</td>
<td>702</td>
</tr>
<tr>
<td>2010</td>
<td>17,775,200</td>
<td>212,735</td>
<td>145,558</td>
<td>1,895,219</td>
<td>20,055,000</td>
<td>7,415,688</td>
<td>-</td>
<td>1,823,479</td>
<td>49,322,879</td>
<td>1.69%</td>
<td>610</td>
</tr>
<tr>
<td>2011</td>
<td>22,691,244</td>
<td>84,361</td>
<td>137,529</td>
<td>1,737,284</td>
<td>61,989,516</td>
<td>6,980,607</td>
<td>-</td>
<td>1,661,959</td>
<td>95,282,500</td>
<td>3.11%</td>
<td>1,175</td>
</tr>
<tr>
<td>2012</td>
<td>22,478,634</td>
<td>45,986</td>
<td>128,920</td>
<td>1,929,349</td>
<td>60,091,269</td>
<td>6,505,921</td>
<td>2,700,000</td>
<td>1,022,833</td>
<td>94,902,912</td>
<td>2.95%</td>
<td>1,153</td>
</tr>
<tr>
<td>2013</td>
<td>21,424,160</td>
<td>-</td>
<td>119,689</td>
<td>1,722,894</td>
<td>74,537,514</td>
<td>6,181,280</td>
<td>2,700,000</td>
<td>959,904</td>
<td>107,645,441</td>
<td>3.30%</td>
<td>1,308</td>
</tr>
<tr>
<td>2014</td>
<td>19,812,874</td>
<td>-</td>
<td>109,790</td>
<td>2,383,462</td>
<td>72,382,472</td>
<td>6,155,606</td>
<td>2,700,000</td>
<td>861,850</td>
<td>104,406,054</td>
<td>3.09%</td>
<td>1,261</td>
</tr>
<tr>
<td>2015</td>
<td>18,640,526</td>
<td>-</td>
<td>99,176</td>
<td>5,759,398</td>
<td>70,346,772</td>
<td>5,668,278</td>
<td>-</td>
<td>4,987,356</td>
<td>105,501,506</td>
<td>**</td>
<td>1,262</td>
</tr>
</tbody>
</table>

Source: City of Bellingham Note IV-I, long-term debt, US Census Bureau for population estimate, and Federal Reserve Economic Data for per capita personal income.

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

### Schedule 11

**Ratios of General Obligation Bonded Debt Outstanding**

**Last Ten Fiscal Years**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>General Obligation Bonds</th>
<th>Less: Amounts Available for Debt Service</th>
<th>Net General Obligation Bonds</th>
<th>Debt as a % of Taxable Value of Property</th>
<th>Total General Bonded Debt per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$34,170,000</td>
<td>$172,173</td>
<td>$33,997,827</td>
<td>0.49%</td>
<td>$463</td>
</tr>
<tr>
<td>2007</td>
<td>$32,005,000</td>
<td>163,426</td>
<td>31,841,574</td>
<td>0.45%</td>
<td>423</td>
</tr>
<tr>
<td>2008</td>
<td>$29,720,000</td>
<td>191,001</td>
<td>29,528,999</td>
<td>0.37%</td>
<td>390</td>
</tr>
<tr>
<td>2009</td>
<td>$27,490,000</td>
<td>207,564</td>
<td>27,282,436</td>
<td>0.32%</td>
<td>358</td>
</tr>
<tr>
<td>2010</td>
<td>$25,120,000</td>
<td>214,706</td>
<td>24,905,294</td>
<td>0.30%</td>
<td>308</td>
</tr>
<tr>
<td>2011</td>
<td>$29,635,000</td>
<td>311,540</td>
<td>29,323,460</td>
<td>0.35%</td>
<td>362</td>
</tr>
<tr>
<td>2012</td>
<td>$28,150,000</td>
<td>902,492</td>
<td>27,247,508</td>
<td>0.33%</td>
<td>335</td>
</tr>
<tr>
<td>2013</td>
<td>$27,605,440</td>
<td>1,328,937</td>
<td>25,371,063</td>
<td>0.30%</td>
<td>308</td>
</tr>
<tr>
<td>2014</td>
<td>$25,968,480</td>
<td>1,671,726</td>
<td>24,296,754</td>
<td>0.27%</td>
<td>279</td>
</tr>
<tr>
<td>2015</td>
<td>$24,308,804</td>
<td>22,001</td>
<td>24,286,803</td>
<td>0.26%</td>
<td>291</td>
</tr>
</tbody>
</table>

*Source: City of Bellingham Schedule 10 Limitation of Indebtedness, and US Censes Bureau for population estimate.*
## Direct and Overlapping Governmental Activities Debt

**As of December 31, 2015**

<table>
<thead>
<tr>
<th>Governmental unit</th>
<th>Debt outstanding</th>
<th>Estimated percentage applicable</th>
<th>Estimated share of direct and overlapping debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bellingham School District #501</td>
<td>$139,750,000</td>
<td>77.01%</td>
<td>$107,620,079</td>
</tr>
<tr>
<td>Port of Bellingham</td>
<td>9,050,000</td>
<td>36.77%</td>
<td>3,327,390</td>
</tr>
<tr>
<td>Meridian School Dist #505</td>
<td>15,320,000</td>
<td>22.50%</td>
<td>3,446,315</td>
</tr>
<tr>
<td>Whatcom County</td>
<td>3,025,000</td>
<td>36.77%</td>
<td>1,112,194</td>
</tr>
<tr>
<td>Whatcom County Fire District #4</td>
<td>1,005,000</td>
<td>11.46%</td>
<td>115,175</td>
</tr>
<tr>
<td>Ferndale School District #502</td>
<td>22,940,000</td>
<td>0.05%</td>
<td>11,500</td>
</tr>
<tr>
<td><strong>Overlapping debt</strong></td>
<td></td>
<td></td>
<td><strong>115,632,652</strong></td>
</tr>
<tr>
<td>City of Bellingham direct debt</td>
<td></td>
<td>100.00%</td>
<td>24,499,100</td>
</tr>
<tr>
<td><strong>Total direct and overlapping debt</strong></td>
<td></td>
<td></td>
<td><strong>$140,131,752</strong></td>
</tr>
</tbody>
</table>

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

**Note:** Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the taxpayers of the City of Bellingham. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden born by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of...
### Legal Debt Margin Calculation for Fiscal Year 2015

<table>
<thead>
<tr>
<th>Total assessed value</th>
<th>$ 9,301,737,832</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt limit:</td>
<td></td>
</tr>
<tr>
<td>Non-voted debt limit (1.5% of assessed value)</td>
<td>$ 139,526,067</td>
</tr>
<tr>
<td>Voted debt limit (1.0% of assessed value)</td>
<td>$ 93,017,378</td>
</tr>
<tr>
<td>Total debt limit</td>
<td>$ 232,543,446</td>
</tr>
<tr>
<td>Debt applicable to limit:</td>
<td></td>
</tr>
<tr>
<td>Governmental activities - general obligation bonds</td>
<td>$ 18,640,526</td>
</tr>
<tr>
<td>Business-type activities - general obligation bonds</td>
<td>$ 5,668,278</td>
</tr>
<tr>
<td>Total debt applicable to limit</td>
<td>$ 24,308,804</td>
</tr>
<tr>
<td>Legal debt margin</td>
<td>$ 208,234,642</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assessed valuation</td>
<td>$ 6,868,648,539</td>
<td>$ 7,070,686,278</td>
<td>$ 8,079,556,522</td>
<td>$ 8,596,997,696</td>
<td>$ 8,416,799,032</td>
<td>$ 8,327,291,360</td>
<td>$ 8,348,628,061</td>
<td>$ 8,554,046,711</td>
<td>$ 8,881,187,639</td>
<td>$ 9,301,737,832</td>
</tr>
<tr>
<td>Legal debt limit</td>
<td>171,716,213</td>
<td>176,767,157</td>
<td>201,988,913</td>
<td>214,924,942</td>
<td>210,419,975</td>
<td>208,182,284</td>
<td>208,715,702</td>
<td>213,851,168</td>
<td>222,029,691</td>
<td>232,543,446</td>
</tr>
<tr>
<td>Outstanding indebtedness</td>
<td>34,170,337</td>
<td>32,008,113</td>
<td>29,689,026</td>
<td>27,435,481</td>
<td>25,050,852</td>
<td>29,460,989</td>
<td>27,726,428</td>
<td>25,792,232</td>
<td>24,353,046</td>
<td>24,308,804</td>
</tr>
<tr>
<td>Legal debt margin</td>
<td>$ 137,545,876</td>
<td>$ 144,759,044</td>
<td>$ 172,299,887</td>
<td>$ 187,489,461</td>
<td>$ 185,369,123</td>
<td>$ 178,721,295</td>
<td>$ 180,989,274</td>
<td>$ 188,058,936</td>
<td>$ 197,676,645</td>
<td>$ 208,234,642</td>
</tr>
<tr>
<td>% of legal debt limit exhausted</td>
<td>19.9%</td>
<td>18.1%</td>
<td>14.7%</td>
<td>12.8%</td>
<td>11.9%</td>
<td>14.2%</td>
<td>13.3%</td>
<td>12.1%</td>
<td>11.0%</td>
<td>10.5%</td>
</tr>
</tbody>
</table>

Source: City of Bellingham Schedule 10 Limitation of Indebtedness, and Whatcom County Assessor's Office for assessed valuation.

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

### Schedule 14

#### Pledged-Revenue Coverage

#### Last Ten Fiscal Years

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Water-Sewer revenue bonds</th>
<th>Special assessment (LID) bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Operating revenue</td>
<td>Operating expense</td>
</tr>
<tr>
<td>2006</td>
<td>$28,229,737</td>
<td>$15,834,064</td>
</tr>
<tr>
<td>2007</td>
<td>29,424,882</td>
<td>16,815,998</td>
</tr>
<tr>
<td>2008</td>
<td>31,747,477</td>
<td>18,378,832</td>
</tr>
<tr>
<td>2009</td>
<td>30,779,714</td>
<td>20,147,012</td>
</tr>
<tr>
<td>2010</td>
<td>31,367,418</td>
<td>19,012,485</td>
</tr>
<tr>
<td>2011</td>
<td>32,855,741</td>
<td>19,535,924</td>
</tr>
<tr>
<td>2012</td>
<td>36,658,554</td>
<td>21,256,791</td>
</tr>
<tr>
<td>2014</td>
<td>42,363,233</td>
<td>22,463,509</td>
</tr>
<tr>
<td>2015</td>
<td>44,860,441</td>
<td>21,819,955</td>
</tr>
</tbody>
</table>

Source: City of Bellingham, Proprietary Funds, Statement of Revenues, Expenses and Changes of Net Position.

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses are exclusive of depreciation and utility tax.
## City of Bellingham
### Schedule 15
#### Demographic and Economic Statistics
##### Last Ten Calendar Years

<table>
<thead>
<tr>
<th>Year</th>
<th>Bellingham, WA, population</th>
<th>Whatcom County, median age</th>
<th>Bellingham, WA, median household income</th>
<th>Bellingham, WA, school enrollment</th>
<th>WA State, median household income</th>
<th>US, median household income</th>
<th>Bellingham, WA (MSA), per capita income</th>
<th>WA State, per capita income</th>
<th>US, per capita income</th>
<th>Seattle, WA, CPI % change</th>
<th>US, CPI % change</th>
<th>Bellingham, WA MSA, unemployment rate</th>
<th>WA State, unemployment rate</th>
<th>US, unemployment rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>75,562</td>
<td>30.70</td>
<td>***</td>
<td>***</td>
<td>$54,723</td>
<td>$48,201</td>
<td>$32,565</td>
<td>$40,204</td>
<td>$38,130</td>
<td>3.7%</td>
<td>3.2%</td>
<td>4.9%</td>
<td>5.0%</td>
<td>4.6%</td>
</tr>
<tr>
<td>2007</td>
<td>77,948</td>
<td>29.70</td>
<td>***</td>
<td>***</td>
<td>58,080</td>
<td>50,233</td>
<td>35,110</td>
<td>42,954</td>
<td>39,776</td>
<td>3.9%</td>
<td>2.8%</td>
<td>4.7%</td>
<td>4.7%</td>
<td>4.6%</td>
</tr>
<tr>
<td>2008</td>
<td>78,739</td>
<td>30.30</td>
<td>***</td>
<td>***</td>
<td>56,631</td>
<td>50,303</td>
<td>36,624</td>
<td>44,460</td>
<td>41,052</td>
<td>4.2%</td>
<td>3.8%</td>
<td>5.3%</td>
<td>5.4%</td>
<td>5.8%</td>
</tr>
<tr>
<td>2009</td>
<td>79,383</td>
<td>30.70</td>
<td>28,198</td>
<td>37,031</td>
<td>60,392</td>
<td>49,777</td>
<td>35,398</td>
<td>42,248</td>
<td>39,366</td>
<td>0.6%</td>
<td>-0.4%</td>
<td>8.5%</td>
<td>9.2%</td>
<td>9.3%</td>
</tr>
<tr>
<td>2010</td>
<td>80,885</td>
<td>36.52</td>
<td>26,822</td>
<td>38,136</td>
<td>56,163</td>
<td>49,276</td>
<td>36,053</td>
<td>42,821</td>
<td>40,274</td>
<td>0.3%</td>
<td>1.6%</td>
<td>9.5%</td>
<td>10.0%</td>
<td>9.6%</td>
</tr>
<tr>
<td>2011</td>
<td>81,070</td>
<td>36.73</td>
<td>27,276</td>
<td>39,299</td>
<td>56,850</td>
<td>50,054</td>
<td>37,782</td>
<td>44,800</td>
<td>42,459</td>
<td>2.7%</td>
<td>3.2%</td>
<td>9.0%</td>
<td>9.3%</td>
<td>8.9%</td>
</tr>
<tr>
<td>2012</td>
<td>81,360</td>
<td>36.94</td>
<td>26,805</td>
<td>40,844</td>
<td>62,187</td>
<td>51,017</td>
<td>39,507</td>
<td>47,344</td>
<td>44,247</td>
<td>2.5%</td>
<td>2.1%</td>
<td>8.1%</td>
<td>8.1%</td>
<td>8.1%</td>
</tr>
<tr>
<td>2013</td>
<td>82,310</td>
<td>37.21</td>
<td>27,197</td>
<td>40,648</td>
<td>60,106</td>
<td>51,939</td>
<td>39,572</td>
<td>47,468</td>
<td>44,408</td>
<td>1.2%</td>
<td>1.5%</td>
<td>7.5%</td>
<td>7.0%</td>
<td>7.4%</td>
</tr>
<tr>
<td>2014</td>
<td>82,810</td>
<td>37.54</td>
<td>27,274</td>
<td>42,440</td>
<td>59,068</td>
<td>53,657</td>
<td>40,840</td>
<td>49,610</td>
<td>46,030</td>
<td>1.8%</td>
<td>1.6%</td>
<td>6.5%</td>
<td>6.1%</td>
<td>6.2%</td>
</tr>
<tr>
<td>2015</td>
<td>83,580</td>
<td>37.97</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>51,146</td>
<td>1.4%</td>
<td>0.1%</td>
<td>5.9%</td>
<td>5.7%</td>
<td>5.3%</td>
</tr>
</tbody>
</table>


*Note: *** Information was unavailable at the time this schedule was prepared. n/a.*
## City of Bellingham
### Schedule 16
#### Principal Employers
##### Current Year and Nine Years Prior

<table>
<thead>
<tr>
<th>Employer</th>
<th>Employees</th>
<th>Rank</th>
<th>Percentage of total employment</th>
<th>Employees</th>
<th>Rank</th>
<th>Percentage of total employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>St. Joseph Hospital</td>
<td>2,750</td>
<td>1</td>
<td>2.84%</td>
<td>2,217</td>
<td>2</td>
<td>2.27%</td>
</tr>
<tr>
<td>Western Washington University</td>
<td>1,690</td>
<td>2</td>
<td>1.75%</td>
<td>3,795</td>
<td>1</td>
<td>3.88%</td>
</tr>
<tr>
<td>Bellingham School District</td>
<td>962</td>
<td>3</td>
<td>0.99%</td>
<td>1,300</td>
<td>3</td>
<td>1.33%</td>
</tr>
<tr>
<td>City of Bellingham</td>
<td>825</td>
<td>4</td>
<td>0.85%</td>
<td>795</td>
<td>5</td>
<td>0.81%</td>
</tr>
<tr>
<td>Whatcom County</td>
<td>809</td>
<td>5</td>
<td>0.84%</td>
<td>942</td>
<td>4</td>
<td>0.96%</td>
</tr>
<tr>
<td>Fred Meyer</td>
<td>760</td>
<td>6</td>
<td>0.79%</td>
<td>480</td>
<td>10</td>
<td>0.49%</td>
</tr>
<tr>
<td>Heath Techna dba Zodiac Interiors</td>
<td>607</td>
<td>7</td>
<td>0.63%</td>
<td>487</td>
<td>9</td>
<td>0.50%</td>
</tr>
<tr>
<td>Matrix Service Inc.</td>
<td>455</td>
<td>8</td>
<td>0.47%</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Alpha Technologies</td>
<td>439</td>
<td>9</td>
<td>0.45%</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>T-Mobile</td>
<td>437</td>
<td>10</td>
<td>0.45%</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Haggen Inc.</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td>720</td>
<td>6</td>
<td>0.74%</td>
</tr>
<tr>
<td>Sodexo Services</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td>671</td>
<td>7</td>
<td>0.69%</td>
</tr>
<tr>
<td>Brown &amp; Cole Stores</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td>524</td>
<td>8</td>
<td>0.54%</td>
</tr>
<tr>
<td>Total employed by the top 10 employers</td>
<td>9,734</td>
<td>10</td>
<td>10.05%</td>
<td>11,931</td>
<td></td>
<td>12.20%</td>
</tr>
<tr>
<td>Total employment of Bellingham, WA (MSA)</td>
<td>96,808</td>
<td></td>
<td></td>
<td>97,820</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

Note: Employee variances may exist due to employers providing one of the following three figures - 1) full-time employees, 2) full-time equivalent employees, or 3) all employees (ft and pt in total).
# Full-time Equivalent City Government Employees by Groups

Last Ten Fiscal Years

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<td>84.9</td>
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<td>80.1</td>
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<td>79.6</td>
<td>77.1</td>
<td>79.3</td>
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<td>108.6</td>
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<td>106.0</td>
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<td>97.0</td>
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<td>351.6</td>
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<td>314.9</td>
<td>313.7</td>
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<tr>
<td><strong>Total regular workforce</strong></td>
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<td>827.0</td>
<td>851.7</td>
<td>847.6</td>
<td>790.9</td>
<td>781.6</td>
<td>789.2</td>
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<td>62.6</td>
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<td>60.6</td>
<td>60.2</td>
<td>62.5</td>
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<tr>
<td><strong>Total paid workforce</strong></td>
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<td>893.6</td>
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<td>910.2</td>
<td>852.9</td>
<td>842.2</td>
<td>849.4</td>
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<td>861.8</td>
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*Source: City of Bellingham adopted budget report for budgeted employees.*
## General Governmental Services

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<td>486</td>
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<td>399</td>
<td>378</td>
<td>403</td>
<td>368</td>
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<td>19,404</td>
<td>18,638</td>
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### Finance

- **GO bonded debt (millions of $)**: 34.2, 32.0, 29.7, 27.5, 25.1, 29.6, 28.2, 26.7, 24.8, 18.6
- **GO bonded debt per capita**: 463, 423, 390, 358, 308, 362, 335, 308, 279, 223

### Human Resources and Payroll

- **Benefit costs as a % of wages**: 33.79%, 36.17%, 37.73%, 40.20%, 34.16%, 36.29%, 38.22%, 38.15%, 38.64%, 36.67%
- **Turnover rate %**: 6.25%, 7.25%, 5.92%, 8.61%, 7.30%, 5.55%, 4.44%, 6.39%, 7.63%, 6.30%
- **Citywide overtime as a % of base wage**: 5.57%, 5.23%, 4.38%, 4.13%, 3.35%, 2.82%, 2.43%, 3.02%, 3.86%, 4.40%

### Information Technology

- **Claims filed**: 46, 62, 60, 79, 48, 48, 48, 35, 52, 59
- **Low-income housing units created**: 111, 51, 45, 45, 54, 4, 77, 1, 2, 6

### Public Safety

- **Incidents per dispatcher**: 5,569, 5,594, 5,611, 5,583, 4,951, 5,533, 5,081, 5,839, 6,096, 6,257

### Physical Environment

- **Million of gallons water treated/day**: 10.47, 10.78, 9.70, 9.37, 8.92, 8.82, 8.54, 8.18, 7.84, 7.18
- **Feet of water main replaced**: 39, 12,148, 1,373, 22,787
- **Million of gallons wastewater/day**: 12.48, 12.00, 11.64, 12.80, 12.17, 12.70
- **Feet of wastewater main replaced**: 39, 12,148, 1,373, 22,787
- **Miles of streets resurfaced**: 0.53, 6.74, 1.77, 2.44, 5.91, 5.05

### Economic Environment

- **Persons visiting (in thousands)**: 744.9, 744.3, 894.0, 924.3, 836.7, 862.3, 842.2, 825.8, 830.9, 837.7

### Culture and Recreation

- **Libraries**: 16.4, 17.0, 18.7, 20.9, 20.9, 20.3, 20.1, 19.7, 19.0
- **Museums**: 744.9, 744.3, 894.0, 924.3, 836.7, 862.3, 842.2, 825.8, 830.9, 837.7

### Source

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

*** Statistical figures were not available at the time of this report compilation.
**City of Bellingham**  
**Schedule 19**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

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**Public Safety**

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<td>Police motorcycles</td>
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<th>Fire</th>
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**Physical Environment**

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<td>Storm mains (miles)</td>
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**Transportation**

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**Culture and Recreation**

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</tr>
<tr>
<td>Ice arena</td>
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<tr>
<td>Aquatic Center - swimming pools</td>
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<td>1</td>
<td>1</td>
<td>1</td>
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<tr>
<td>Golf course</td>
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<tr>
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</table>

**Public Facilities District (PFD)**

<table>
<thead>
<tr>
<th>Theater</th>
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</thead>
<tbody>
<tr>
<td>Museum</td>
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<td></td>
<td></td>
<td></td>
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</tbody>
</table>

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

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

7-22
### Water customers

<table>
<thead>
<tr>
<th>Rate Class</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-single family (NSF)</td>
<td>5.00</td>
<td>5.11</td>
<td>4.71</td>
<td>5.22</td>
<td>5.49</td>
<td>5.94</td>
<td>5.87</td>
<td>6.09</td>
<td>4.86</td>
<td>4.89</td>
</tr>
</tbody>
</table>

### Water monthly rates

#### Single family base rates

- **Unmetered**
  - 18.00
- **Metered 5/8"**
  - 7.84
- **Metered 3/4"**
  - 11.09
- **Metered 1"**
  - 17.58
- **Metered 1 1/2"**
  - 33.81
- **Metered 2"**
  - 53.28
- **Metered 3"**
  - 105.21
- **Metered 4"**
  - 163.63
- **Metered 6"**
  - 325.90

#### NSF volume rate per 1 CCF all size meters

- **Large footprint > 3,000 sq. ft., per sq ft.**
  - 0.00433
- **Medium footprint 1,001-2,999 sq. ft.**
  - 0.00509
- **Small footprint < 1K sq. ft.**
  - 0.00509

#### Single family (rate class 1)

- **Duplex unmetered base rate**
  - 36.00
- **Duplex metered 2"**
  - 53.28
- **Duplex metered 2"**
  - 72.79
- **Duplex metered 4"**
  - 224.60
- **Duplex metered 6"**
  - 447.89

#### SF volume rate per 1 CCF all size meters

- **Large footprint > 3,000 sq. ft., per sq ft.**
  - 0.00433
- **Medium footprint 1,001-2,999 sq. ft.**
  - 0.00509
- **Small footprint < 1K sq. ft.**
  - 0.00509

### Wastewater customers

<table>
<thead>
<tr>
<th>Rate Class</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single family</td>
<td>18,360</td>
<td>18,566</td>
<td>19,664</td>
<td>19,259</td>
<td>19,039</td>
<td>18,828</td>
<td>19,311</td>
<td>19,569</td>
<td>19,739</td>
<td>20,465</td>
</tr>
<tr>
<td>Non-single family</td>
<td>4,095</td>
<td>4,156</td>
<td>4,713</td>
<td>6,224</td>
<td>5,489</td>
<td>5,940</td>
<td>5,867</td>
<td>6,009</td>
<td>4,860</td>
<td>4,865</td>
</tr>
<tr>
<td>Total customers</td>
<td>22,455</td>
<td>22,722</td>
<td>24,377</td>
<td>25,483</td>
<td>24,582</td>
<td>24,768</td>
<td>25,178</td>
<td>25,578</td>
<td>25,844</td>
<td>25,330</td>
</tr>
</tbody>
</table>

### Wastewater monthly rates

#### Single family (rate class 1)

- **Duplex unmetered base rate**
  - 24.25
- **Duplex metered 2"**
  - 51.66
- **Duplex metered 3/4"**
  - 15.90
- **Duplex metered 1"**
  - 23.68
- **Duplex metered 1 1/2"**
  - 46.00
- **Duplex metered 2"**
  - 72.79
- **Duplex metered 3"**
  - 144.23
- **Duplex metered 4"**
  - 224.60
- **Duplex metered 6"**
  - 447.89

#### Single family (rate class 2-4)

- **Base rate (class 2-4)**
  - 24.25
- **Volume rate per 1 CCF > 16 CCF**
  - 2.97
- **Base rate (class 5 and up)**
  - 24.25
- **Volume rate per 1 CCF > 16 CCF**
  - 2.97

### Stormwater monthly base rates

<table>
<thead>
<tr>
<th>Rate Class</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small footprint &lt; 1K sq. ft.</td>
<td>3.90</td>
<td>4.02</td>
<td>4.20</td>
<td>4.40</td>
<td>4.70</td>
<td>4.79</td>
<td>5.08</td>
<td>5.39</td>
<td>5.71</td>
<td></td>
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<tr>
<td>Medium footprint 1,001-2,999 sq. ft.</td>
<td>6.50</td>
<td>7.00</td>
<td>7.00</td>
<td>7.00</td>
<td>7.00</td>
<td>7.00</td>
<td>8.47</td>
<td>8.98</td>
<td>9.52</td>
<td></td>
</tr>
<tr>
<td>Large footprint &gt; 3,000 sq. ft., per sq ft.</td>
<td>0.00433</td>
<td>0.00466</td>
<td>0.00466</td>
<td>0.00466</td>
<td>0.00466</td>
<td>0.00466</td>
<td>0.00564</td>
<td>0.00598</td>
<td>0.00634</td>
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</tr>
</tbody>
</table>

### Watershed monthly rates

#### Single family base rate only

- **Single family (rate class 1)**
  - 5.00
- **Single family (rate class 2-4)**
  - 10.00

#### Non-single family & Irrigation

<table>
<thead>
<tr>
<th>Rate Class</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base rate</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.14</td>
<td>5.17</td>
<td>5.27</td>
<td></td>
</tr>
<tr>
<td>Volume rate per 1 CCF above 22 CCF</td>
<td>0.27</td>
<td>0.27</td>
<td>0.27</td>
<td>0.27</td>
<td>0.27</td>
<td>0.27</td>
<td>0.66</td>
<td>0.66</td>
<td>0.6761</td>
<td></td>
</tr>
</tbody>
</table>

All rates shown are for inside city limits

1 CCF (100 cubic feet) = 748 gallons
## City of Bellingham

### Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th>Federal Agency (Pass-Through Agency)</th>
<th>Federal Program</th>
<th>CFDA Number</th>
<th>Other Award Number</th>
<th>Expenditures</th>
<th>Passed through to Subrecipients</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Of Community Planning And Development, Department Of Housing And Urban Development</td>
<td>Community Development Block Grants/Entitlement Grants</td>
<td>14.218</td>
<td>B-15-MC-53-0010</td>
<td>From Direct Awards: 25,000</td>
<td>Total: 25,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Office Of Community Planning And Development, Department Of Housing And Urban Development</td>
<td>Community Development Block Grants/Entitlement Grants</td>
<td>14.218</td>
<td>B-15-MC-53-0010</td>
<td>From Direct Awards: 30,249</td>
<td>Total: 30,249</td>
<td>30,249</td>
</tr>
</tbody>
</table>

Total CFDA 14.218: | - | 991,776 | 991,776 | 165,563 |

The accompanying notes are an integral part of this schedule.
## City of Bellingham
### Schedule of Expenditures of Federal Awards
#### For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th>Federal Agency (Pass-Through Agency)</th>
<th>Federal Program</th>
<th>CFDA Number</th>
<th>Other Award Number</th>
<th>From Pass-Through Awards</th>
<th>From Direct Awards</th>
<th>Total</th>
<th>Passed through to Subrecipients</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Of Community Planning And Development, Department Of Housing And Urban Development</td>
<td>Home Investment Partnerships Program</td>
<td>14.239</td>
<td>M15-MC-53-0204</td>
<td>-</td>
<td>656,593</td>
<td>656,593</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Office Of Community Planning And Development, Department Of Housing And Urban Development</td>
<td>Home Investment Partnerships Program</td>
<td>14.239</td>
<td>M15-MC-53-0204</td>
<td>-</td>
<td>170,859</td>
<td>170,859</td>
<td>170,859</td>
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</tr>
<tr>
<td>National Park Service, Department Of The Interior (via WS Archaeology &amp; Historic Preservation)</td>
<td>Historic Preservation Fund Grants-In-Aid</td>
<td>15.904</td>
<td>FY14-61014-007</td>
<td>2,500</td>
<td>-</td>
<td>2,500</td>
<td>-</td>
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</tr>
<tr>
<td>National Park Service, Department Of The Interior (via WS Archaeology &amp; Historic Preservation)</td>
<td>Historic Preservation Fund Grants-In-Aid</td>
<td>15.904</td>
<td>FY15-61015-007</td>
<td>4,482</td>
<td>-</td>
<td>4,482</td>
<td>-</td>
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</tr>
<tr>
<td>National Park Service, Department Of The Interior</td>
<td>Consolidated Appropr Act, 2004 (H.R.2673)</td>
<td>15.999</td>
<td>Consolidated Appropr Act, 2004 (H.R.2673)</td>
<td>-</td>
<td>153,437</td>
<td>153,437</td>
<td>-</td>
<td>3 &amp; 4</td>
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<tr>
<td>Violence Against Women Office, Department Of Justice (via WS Dept of Commerce)</td>
<td>Violence Against Women Formula Grants</td>
<td>16.588</td>
<td>2014-WF-AX-0053</td>
<td>22,528</td>
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<td>22,528</td>
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<td></td>
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<tr>
<td>Total CFDA 14.239:</td>
<td>-</td>
<td>827,452</td>
<td>827,452</td>
<td>170,859</td>
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<tr>
<td>Total CFDA 15.904:</td>
<td>6,982</td>
<td>-</td>
<td>6,982</td>
<td>-</td>
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<tr>
<td>Total CFDA 15.999:</td>
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<td>153,437</td>
<td>153,437</td>
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<td>3 &amp; 4</td>
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<tr>
<td>Total CFDA 16.588:</td>
<td>48,060</td>
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</tbody>
</table>

The accompanying notes are an integral part of this schedule.
# Schedule of Expenditures of Federal Awards
## For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th>Federal Agency (Pass-Through Agency)</th>
<th>Federal Program</th>
<th>CFDA Number</th>
<th>Other Award Number</th>
<th>From Pass-Through Awards</th>
<th>From Direct Awards</th>
<th>Total</th>
<th>Passed through to Subrecipients</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Violence Against Women Office, Department Of Justice</td>
<td>Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program</td>
<td>16.590</td>
<td>2011-WE-AX-0025</td>
<td>-</td>
<td>73,147</td>
<td>73,147</td>
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<tr>
<td>Bureau Of Justice Assistance, Department Of Justice</td>
<td>Bulletproof Vest Partnership Program</td>
<td>16.607</td>
<td>117506</td>
<td>-</td>
<td>10,483</td>
<td>10,483</td>
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<td></td>
</tr>
<tr>
<td>Bureau Of Justice Assistance, Department Of Justice</td>
<td>Edward Byrne Memorial Justice Assistance Grant Program</td>
<td>16.738</td>
<td>2013-DJ-BX-0711</td>
<td>-</td>
<td>3,785</td>
<td>3,785</td>
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<tr>
<td>Bureau Of Justice Assistance, Department Of Justice</td>
<td>Edward Byrne Memorial Justice Assistance Grant Program</td>
<td>16.738</td>
<td>2014-DJ-BX-0288</td>
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<td>15,201</td>
<td>15,201</td>
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<td>Total CFDA 16.738:</td>
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<tr>
<td>Criminal Division, Department Of Justice</td>
<td>Equitable Sharing Program</td>
<td>16.922</td>
<td>Equity Sharing Program</td>
<td>-</td>
<td>157,965</td>
<td>157,965</td>
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<tr>
<td><strong>Highway Planning and Construction Cluster</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Highway Administration (fhwa), Department Of Transportation (via WSDOT)</td>
<td>Highway Planning and Construction</td>
<td>20.205</td>
<td>BHM-9937 (004)/LA 8216</td>
<td>1,313,068</td>
<td>-</td>
<td>1,313,068</td>
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<tr>
<td>Federal Highway Administration (fhwa), Department Of Transportation (via WSDOT)</td>
<td>Highway Planning and Construction</td>
<td>20.205</td>
<td>BRM-5511 (001)/LA7052</td>
<td>484,996</td>
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<td>484,996</td>
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<tr>
<td>Federal Highway Administration (fhwa), Department Of Transportation (via WSDOT)</td>
<td>Highway Planning and Construction</td>
<td>20.205</td>
<td>HPP-0080 (016)/LA 6713</td>
<td>12,412</td>
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<tr>
<td>Federal Highway Administration (fhwa), Department Of Transportation (via WSDOT)</td>
<td>Highway Planning and Construction</td>
<td>20.205</td>
<td>HPP-5552 (001)/LA 7505</td>
<td>41,157</td>
<td>-</td>
<td>41,157</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of this schedule.*
<table>
<thead>
<tr>
<th>Federal Agency (Pass-Through Agency)</th>
<th>Federal Program</th>
<th>CFDA Number</th>
<th>Other Award Number</th>
<th>From Pass-Through Awards</th>
<th>From Direct Awards</th>
<th>Total</th>
<th>Passed through to Subrecipients</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Highway Administration (fhwa), Department Of Transportation (via WSDOT)</td>
<td>Highway Planning and Construction</td>
<td>20.205</td>
<td>HSIP-5501 (004)/LA8353</td>
<td>315,829</td>
<td>-</td>
<td>315,829</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Federal Highway Administration (fhwa), Department Of Transportation (via WSDOT)</td>
<td>Highway Planning and Construction</td>
<td>20.205</td>
<td>HSIP-5510 (006)/LA7797</td>
<td>2,012,499</td>
<td>-</td>
<td>2,012,499</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Federal Highway Administration (fhwa), Department Of Transportation (via WSDOT)</td>
<td>Highway Planning and Construction</td>
<td>20.205</td>
<td>SRTS-0080 (018)/LA 8346</td>
<td>171,838</td>
<td>-</td>
<td>171,838</td>
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<td></td>
</tr>
<tr>
<td>Federal Highway Administration (fhwa), Department Of Transportation (via WSDOT)</td>
<td>Highway Planning and Construction</td>
<td>20.205</td>
<td>STPUS 5511 (002)/LA7476</td>
<td>127,155</td>
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<td>127,155</td>
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</tr>
<tr>
<td>Federal Highway Administration (fhwa), Department Of Transportation (via WSDOT)</td>
<td>Highway Planning and Construction</td>
<td>20.205</td>
<td>STPUS-5550 (002)/LA 7953</td>
<td>127,504</td>
<td>-</td>
<td>127,504</td>
<td>-</td>
<td></td>
</tr>
<tr>
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<td>Highway Planning and Construction</td>
<td>20.205</td>
<td>STPUS-5559 (001)/LA 8229</td>
<td>19,103</td>
<td>-</td>
<td>19,103</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Federal Highway Administration (fhwa), Department Of Transportation (via WSDOT)</td>
<td>Highway Planning and Construction</td>
<td>20.205</td>
<td>STPUS-5564 (001)/LA 8387</td>
<td>51,916</td>
<td>-</td>
<td>51,916</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Federal Highway Administration (fhwa), Department Of Transportation (via WSDOT)</td>
<td>Highway Planning and Construction</td>
<td>20.205</td>
<td>STPUS-5568 (001)/LA 8502</td>
<td>151,085</td>
<td>-</td>
<td>151,085</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total Highway Planning and Construction Cluster:</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>4,828,562</strong></td>
<td>-</td>
<td><strong>4,828,562</strong></td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Highway Safety Cluster</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Highway Traffic Safety Administration (nhtsa), Department Of Transportation (via WTSC)</td>
<td>State and Community Highway Safety</td>
<td>20.600</td>
<td>Safety Equipment</td>
<td>6,641</td>
<td>-</td>
<td>6,641</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of this schedule.*
### City of Bellingham

**Schedule of Expenditures of Federal Awards**

For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th>Federal Agency (Pass-Through Agency)</th>
<th>Federal Program</th>
<th>CFDA Number</th>
<th>Other Award Number</th>
<th>From Pass-Through Awards</th>
<th>From Direct Awards</th>
<th>Total</th>
<th>Passed through to Subrecipients</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Highway Traffic Safety Administration (nhtsa), Department Of Transportation (via WTSC)</td>
<td>State and Community Highway Safety</td>
<td>20.600</td>
<td>Section 402, Targeted DUI</td>
<td>3,248</td>
<td>-</td>
<td>3,248</td>
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<tr>
<td>National Highway Traffic Safety Administration (nhtsa), Department Of Transportation (via WTSC)</td>
<td>State and Community Highway Safety</td>
<td>20.600</td>
<td>Target Zero, Impaired Driving</td>
<td>2,626</td>
<td>-</td>
<td>2,626</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>National Highway Traffic Safety Administration (nhtsa), Department Of Transportation (via WTSC)</td>
<td>State and Community Highway Safety</td>
<td>20.600</td>
<td>Target Zero, Law Enforcement Liaison</td>
<td>2,234</td>
<td>-</td>
<td>2,234</td>
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<td></td>
</tr>
<tr>
<td>National Highway Traffic Safety Administration (nhtsa), Department Of Transportation (via WTSC)</td>
<td>State and Community Highway Safety</td>
<td>20.600</td>
<td>Target Zero, Seat Belts</td>
<td>1,578</td>
<td>-</td>
<td>1,578</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

**Total CFDA 20.600:** 16,327 - 16,327 - |

| National Highway Traffic Safety Administration (nhtsa), Department Of Transportation (via WTSC) | National Priority Safety Programs | 20.616 | Target Zero, Distracted Driving | 1,380 | - | 1,380 | - | |
| National Highway Traffic Safety Administration (nhtsa), Department Of Transportation (via WTSC) | National Priority Safety Programs | 20.616 | Target Zero, M1*CP15-01 | 16,317 | - | 16,317 | - | |

**Total CFDA 20.616:** 17,697 - 17,697 - |

**Total Highway Safety Cluster:** 34,024 - 34,024 - |

| Region 10, Environmental Protection Agency (via Puget Sound Partnership) | Puget Sound Action Agenda Outreach, Education and Stewardship Support Program | 66.122 | PT-00J17601 | 12,642 | - | 12,642 | - | |

*The accompanying notes are an integral part of this schedule.*
### Region 10, Environmental Protection Agency (via WSDOE)

**Federal Agency**
- Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program

**CFDA Number**
- 66.123

**Other Award Number**
- G1300088

**Expenditures**
- From Pass-Through Awards: 375,620
- From Direct Awards: -
- Total: 375,620
- Passed through to Subrecipients: -

#### Clean Water State Revolving Fund Cluster

<table>
<thead>
<tr>
<th>Federal Agency (Pass-Through Agency)</th>
<th>Federal Program</th>
<th>CFDA Number</th>
<th>Other Award Number</th>
<th>From Pass-Through Awards</th>
<th>From Direct Awards</th>
<th>Total</th>
<th>Passed through to Subrecipients</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Of Water, Environmental Protection Agency (via WSDOE)</td>
<td>Capitalization Grants for Clean Water State Revolving Funds</td>
<td>66.458</td>
<td>L13S00017 Squal Creek Phase I Forgiv Prin</td>
<td>97,128</td>
<td>-</td>
<td>97,128</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Office Of Water, Environmental Protection Agency (via WSDOE)</td>
<td>Capitalization Grants for Clean Water State Revolving Funds</td>
<td>66.458</td>
<td>L1400010 Squal Crk Phase II Loan (GPR)</td>
<td>569,742</td>
<td>-</td>
<td>569,742</td>
<td>-</td>
<td>5</td>
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<tr>
<td>Office Of Water, Environmental Protection Agency (via WSDOE)</td>
<td>Capitalization Grants for Clean Water State Revolving Funds</td>
<td>66.458</td>
<td>L1400025 Strmwtr Main Retrof Columbia/Rsvlt Loan</td>
<td>90,256</td>
<td>-</td>
<td>90,256</td>
<td>-</td>
<td>5</td>
</tr>
</tbody>
</table>

**Total Clean Water State Revolving Fund Cluster:** 2,941,533

*The accompanying notes are an integral part of this schedule.*
<table>
<thead>
<tr>
<th>Federal Agency (Pass-Through Agency)</th>
<th>Federal Program</th>
<th>CFDA Number</th>
<th>Other Award Number</th>
<th>From Pass-Through Awards</th>
<th>From Direct Awards</th>
<th>Total</th>
<th>Passed through to Subrecipients</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Of Water, Environmental Protection Agency (via WSDOE)</td>
<td>Nonpoint Source Implementation Grants</td>
<td>66.460</td>
<td>G1400398 Squal Crk Phase II Sec 319 NPS Grnt</td>
<td>418,991</td>
<td>-</td>
<td>418,991</td>
<td>-</td>
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</tr>
<tr>
<td>Office Of Federal Student Aid, Department Of Education (via WCC)</td>
<td>Federal Work-Study Program</td>
<td>84.033</td>
<td>Work Study - Intern</td>
<td>2,864</td>
<td>-</td>
<td>2,864</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Office Of Federal Student Aid, Department Of Education (via WWU)</td>
<td>Federal Work-Study Program</td>
<td>84.033</td>
<td>Work Study - Intern</td>
<td>5,732</td>
<td>-</td>
<td>5,732</td>
<td>-</td>
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<tr>
<td><strong>Total CFDA 84.033:</strong></td>
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<td></td>
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<td><strong>8,596</strong></td>
<td>-</td>
<td><strong>8,596</strong></td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total CFDA 97.042:</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>43,031</strong></td>
<td>-</td>
<td><strong>43,031</strong></td>
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</tr>
<tr>
<td>Department Of Homeland Security</td>
<td>Assistance to Firefighters Grant</td>
<td>97.044</td>
<td>EMW-2014-FV-01894</td>
<td>-</td>
<td>-</td>
<td>4,987</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Department Of Homeland Security</td>
<td>Port Security Grant Program</td>
<td>97.056</td>
<td>EMW-2013-PU-00165-S01</td>
<td>-</td>
<td>310,393</td>
<td>310,393</td>
<td>-</td>
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</tr>
<tr>
<td>Department Of Homeland Security (via WCSO)</td>
<td>Homeland Security Grant Program</td>
<td>97.067</td>
<td>EMW-2013-SS-00025-S01</td>
<td>8,579</td>
<td>-</td>
<td>8,579</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Department Of Homeland Security (via WSMD, SNOHOMISH CTY, WCSO)</td>
<td>Homeland Security Grant Program</td>
<td>97.067</td>
<td>EMW-2013-SS-00025-S01</td>
<td>9,685</td>
<td>-</td>
<td>9,685</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of this schedule.*
City of Bellingham  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th>Federal Agency (Pass-Through Agency)</th>
<th>Federal Program</th>
<th>CFDA Number</th>
<th>Other Award Number</th>
<th>Total Federal Awards Expended</th>
<th>Expenditures</th>
<th>Passed through to Subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department Of Homeland Security (via WCSO)</td>
<td>Homeland Security Grant Program</td>
<td>97.067</td>
<td>EMW-2014-SS-00016-S01</td>
<td>8,737,278</td>
<td>973</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,548,626</td>
<td>11,285,904</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>336,422</td>
</tr>
</tbody>
</table>

Total CFDA 97.067: 19,237 - 19,237
Total Federal Awards Expended: 8,737,278 + 2,548,626 = 11,285,904

The accompanying notes are an integral part of this schedule.
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 the federal grant, and program income when applicable, portion of the program costs. Entire program costs, including the City's portion may be more than shown. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - REVOLVING LOAN - PROGRAM INCOME
The City administers revolving loan programs, using Federal Housing and Urban Development Funding, with the Community Development Block Grant (CDBG) and the Home Investment Partnership Program Grant (HOME) for low income housing acquisitions, development, and rehabilitation. Under these federal programs, repayments to the City are considered program income and loans of such funds are considered expenditures. The amount of loan funds disbursed to program participants for the year from the CDBG Grant and program income was $548,176 and the HOME Grant was $217,193 and are included in the expenditures figures in the schedule. The amount of principal and interest received in loan payments for the year for CDBG loans was $275,496 and for HOME loans was $124,835.

NOTE 4 - FEDERAL BUILDING
In 2004, the City received a Federal building donation along with a $2.6 million cash award to be used for repair and restoration of the building. The amount expended this year on Federal building repair and restoration was the remaining balance of the donation, $153,437, of this amount $319 came from interest earnings and is considered to be program income. The award is fully expended.

NOTE 5 - COMMINGLED STATE AND FEDERAL FUNDS
The Squalicum Creek Reroute project (phase I, II, and III), the Padden Creek Daylighting project (funded by CFDA 66.458 and WA state DOE Centennial grant funding), and the Columbia/Roosevelt Neighborhood Stormwater main retrofit project (funded by CFDA 66.458 and WA State DOE grant funding) include both state and federal funds passed through the Department of Ecology to the City of Bellingham. In January the Department of Ecology provides a letter breaking down the federal share of the payments compared to the state funded portion of the payments for the amounts disbursed in the prior fiscal year. However, there were several large fourth quarter drawdown submissions submitted to the WA State Department of Ecology which are based on 2015 grant expenditures that were not paid by the date the City received the letter. Accordingly, we have included the entire unreimbursed 2015 grant expenditures related to these projects on the SEFA as federal expenses.
## City of Bellingham

**SCHEDULE OF STATE FINANCIAL ASSISTANCE (unaudited)**

**For Fiscal Year ended December 31, 2015**

<table>
<thead>
<tr>
<th>Grantor</th>
<th>Program Title</th>
<th>Identification Number</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Grant from Other Judicial Agencies</td>
<td>Public Defense</td>
<td>GRT 15266</td>
<td>72,200</td>
</tr>
</tbody>
</table>

**Sub-total: 72,200**

<table>
<thead>
<tr>
<th>Grantor</th>
<th>Program Title</th>
<th>Identification Number</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Grant from Recreation and Conservation Office</td>
<td>Aquatic Lands Enhancement</td>
<td>12-1172C</td>
<td>9,129</td>
</tr>
<tr>
<td></td>
<td>Youth Athletic Facility</td>
<td>13-1492D</td>
<td>659,980</td>
</tr>
<tr>
<td></td>
<td>Regional Trail</td>
<td>14-1419D</td>
<td>82,655</td>
</tr>
</tbody>
</table>

**Sub-total: 751,764**

<table>
<thead>
<tr>
<th>Grantor</th>
<th>Program Title</th>
<th>Identification Number</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Grant from Department of Ecology</td>
<td>Remedial Action</td>
<td>G0900207</td>
<td>27,911</td>
</tr>
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<td></td>
<td>Remedial Action</td>
<td>G1100200</td>
<td>1,156</td>
</tr>
<tr>
<td></td>
<td>Offset Cycle Coordinated Prevention</td>
<td>G1500003</td>
<td>12,443</td>
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<tr>
<td></td>
<td>Remedial Action</td>
<td>TCPRA-2014-BelCAO-00026</td>
<td>264,578</td>
</tr>
</tbody>
</table>

**Sub-total: 306,088**

<table>
<thead>
<tr>
<th>Grantor</th>
<th>Program Title</th>
<th>Identification Number</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Grant from Transportation Improvement Board (TIB)</td>
<td>Urban Programs</td>
<td>8-2-156(039)-1</td>
<td>902,811</td>
</tr>
<tr>
<td></td>
<td>Urban Sidewalk Program</td>
<td>P-W-156(P05)-1</td>
<td>184,154</td>
</tr>
</tbody>
</table>

Report based on unaudited annual report submissions as of 7/29/2016
<table>
<thead>
<tr>
<th>Grantor</th>
<th>Program Title</th>
<th>Identification Number</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban Arterial Program</td>
<td></td>
<td>P-W-156(P06)-1</td>
<td>61,189</td>
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<tr>
<td>State Grant from Department of Commerce</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Energy Savings - LED Streetlights</td>
<td></td>
<td>15-93209-058</td>
<td>500,000</td>
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<tr>
<td>Brownfield Grant</td>
<td></td>
<td>S-12-96700-001</td>
<td>17,495</td>
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<tr>
<td>State Grant from Department of Health</td>
<td></td>
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</tr>
<tr>
<td>Trauma Care</td>
<td></td>
<td>2015</td>
<td>1,341</td>
</tr>
<tr>
<td>State Grant from Universities and Four-Year Colleges</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Sidewalk Project</td>
<td></td>
<td>2015-0503</td>
<td>50,000</td>
</tr>
<tr>
<td>Capital Contributions - State Grant from Department of Ecology</td>
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<td></td>
</tr>
<tr>
<td>Clean Water</td>
<td></td>
<td>G1200476</td>
<td>372,411</td>
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<tr>
<td>Clean Water</td>
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<td>L1200033</td>
<td>24,287</td>
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<td>Clean Water</td>
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<td>G1300080</td>
<td>395,465</td>
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<tr>
<td>Clean Water</td>
<td></td>
<td>L1300017</td>
<td>298</td>
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<tr>
<td>Clean Water</td>
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<td>L1400010</td>
<td>1,509</td>
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<td>Clean Water</td>
<td></td>
<td>WQC-2016-BellPW-00113</td>
<td>41,019</td>
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<tr>
<td>Clean Water</td>
<td></td>
<td>L1400025</td>
<td>3,720</td>
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</table>

Sub-total: 1,148,154

Sub-total: 517,495

Sub-total: 1,341

Sub-total: 50,000
<table>
<thead>
<tr>
<th>Grantor</th>
<th>Program Title</th>
<th>Identification Number</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stormwater</td>
<td>G1100173</td>
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<td>34,541</td>
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<tr>
<td>Stormwater</td>
<td>G1200579</td>
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<td>408,149</td>
</tr>
<tr>
<td>Stormwater</td>
<td>G1200580</td>
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<td>57</td>
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<tr>
<td>Stormwater</td>
<td>G1200581</td>
<td></td>
<td>150,484</td>
</tr>
<tr>
<td>Stormwater</td>
<td>G1200583</td>
<td></td>
<td>59,676</td>
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<tr>
<td>Stormwater</td>
<td>G1400239</td>
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<td>80,890</td>
</tr>
</tbody>
</table>

Sub-total: 1,572,506
Grand total: 4,419,548

Report based on unaudited annual report submissions as of 7/29/2016