



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of Blaine

For the period January 1, 2016 through December 31, 2017

Published September 10, 2018

Report No. 1022055





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

September 10, 2018

Mayor and City Council
City of Blaine
Blaine, Washington

Report on Financial Statements

Please find attached our report on the City of Blaine's financial statements.

We are issuing this report in order to provide information on the City's financial condition.

Sincerely,

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy
State Auditor
Olympia, WA

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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**City of Blaine
January 1, 2016 through December 31, 2017**

Mayor and City Council
City of Blaine
Blaine, Washington

We have audited, 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, the financial statements of the City of Blaine, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the City’s financial statements, and have issued our report thereon dated September 4, 2018.

We issued an unmodified opinion on the fair presentation of the City’s financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the City using accounting practices prescribed by Washington State statutes and the State Auditor’s *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the City’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized "P" and "M".

Pat McCarthy

State Auditor

Olympia, WA

September 4, 2018

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of Blaine January 1, 2016 through December 31, 2017

Mayor and City Council
City of Blaine
Blaine, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Blaine, for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 11.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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.

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City of Blaine has prepared these financial statements to meet the financial reporting requirements of Washington State statutes using accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the City of Blaine, for the years ended December 31, 2017 and 2016, on the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. The effects on the financial statements of the variances between GAAP and the accounting practices the City used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Blaine, as of December 31, 2016 and 2017, or the changes in financial position or cash flows for the years then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

Other Matters

Supplementary and Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the 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. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2018 on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

September 4, 2018

FINANCIAL SECTION

City of Blaine January 1, 2016 through December 31, 2017

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2017
Fund Resources and Uses Arising from Cash Transactions – 2016
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2017
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2016
Notes to Financial Statements – 2017
Notes to Financial Statements – 2016

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2017
Schedule of Liabilities – 2016

City of Blaine
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

| | | Total for All Funds (Memo Only) | 001 General Fund | 101 Street Fund | 102 Traffic Impact Reserve |
|---|-------------------------------------|--|-----------------------------|------------------------|---------------------------------------|
| Beginning Cash and Investments | | | | | |
| 30810 | Reserved | 2,747,305 | 906,572 | - | 102,702 |
| 30880 | Unreserved | 11,763,819 | 1,682,446 | 92,270 | - |
| 388 / 588 | Prior Period Adjustments, Net | - | - | - | - |
| Revenues | | | | | |
| 310 | Taxes | 5,130,434 | 3,310,927 | 300,966 | - |
| 320 | Licenses and Permits | 418,292 | 402,067 | 16,225 | - |
| 330 | Intergovernmental Revenues | 1,056,932 | 227,396 | 112,271 | - |
| 340 | Charges for Goods and Services | 14,247,178 | 1,398,115 | - | 58,973 |
| 350 | Fines and Penalties | 176,078 | 131,027 | - | - |
| 360 | Miscellaneous Revenues | 1,984,489 | 234,517 | 440 | 1,242 |
| Total Revenues: | | 23,013,403 | 5,704,049 | 429,902 | 60,215 |
| Expenditures | | | | | |
| 510 | General Government | 2,510,121 | 2,453,808 | 56,313 | - |
| 520 | Public Safety | 2,079,576 | 2,079,576 | - | - |
| 530 | Utilities | 9,846,564 | 27,432 | - | - |
| 540 | Transportation | 554,520 | - | 552,263 | - |
| 550 | Natural and Economic Environment | 802,412 | 614,218 | - | - |
| 560 | Social Services | 2,022 | 2,022 | - | - |
| 570 | Culture and Recreation | 441,232 | 441,232 | - | - |
| Total Expenditures: | | 16,236,448 | 5,618,288 | 608,576 | - |
| Excess (Deficiency) Revenues over Expenditures: | | 6,776,956 | 85,761 | (178,674) | 60,215 |
| Other Increases in Fund Resources | | | | | |
| 391-393, 596 | Debt Proceeds | 5,000 | - | - | - |
| 397 | Transfers-In | 1,985,375 | 294,500 | 236,626 | - |
| 385 | Special or Extraordinary Items | - | - | - | - |
| 386 / 389 | Custodial Activities | 6,645 | (375) | - | - |
| 381, 395, 398 | Other Resources | 392,546 | 19,054 | 13,953 | - |
| Total Other Increases in Fund Resources: | | 2,389,565 | 313,179 | 250,579 | - |
| Other Decreases in Fund Resources | | | | | |
| 594-595 | Capital Expenditures | 2,620,619 | 68,713 | 19,626 | - |
| 591-593, 599 | Debt Service | 3,380,610 | 29,509 | - | - |
| 597 | Transfers-Out | 1,996,026 | 136,138 | - | 100,000 |
| 585 | Special or Extraordinary Items | - | - | - | - |
| 586 / 589 | Custodial Activities | 51,951 | 43,151 | - | - |
| 581 | Other Uses | 10,000 | 10,000 | - | - |
| Total Other Decreases in Fund Resources: | | 8,059,207 | 287,511 | 19,626 | 100,000 |
| Increase (Decrease) in Cash and Investments: | | 1,107,314 | 111,429 | 52,279 | (39,785) |
| Ending Cash and Investments | | | | | |
| 5081000 | Reserved | 3,015,733 | 990,352 | - | 62,917 |
| 5088000 | Unreserved | 12,602,706 | 1,710,095 | 144,549 | - |
| Total Ending Cash and Investments | | 15,618,439 | 2,700,447 | 144,549 | 62,917 |

The accompanying notes are an integral part of this statement.

City of Blaine
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

| | | 103 Park Impact Reserve | 106 Parking Cumulative Reserve | 110 Hotel/Motel Fund (BTAC) | 201 LTGO Bonds |
|---|-------------------------------------|------------------------------------|---|--|---------------------------|
| Beginning Cash and Investments | | | | | |
| 30810 | Reserved | 27,131 | - | 159,221 | - |
| 30880 | Unreserved | - | 7,537 | - | 1,410 |
| 388 / 588 | Prior Period Adjustments, Net | - | - | - | - |
| Revenues | | | | | |
| 310 | Taxes | - | - | 250,387 | - |
| 320 | Licenses and Permits | - | - | - | - |
| 330 | Intergovernmental Revenues | - | - | - | - |
| 340 | Charges for Goods and Services | 68,000 | - | - | - |
| 350 | Fines and Penalties | - | - | - | - |
| 360 | Miscellaneous Revenues | 698 | 121 | 2,981 | 585 |
| Total Revenues: | | 68,698 | 121 | 253,369 | 585 |
| Expenditures | | | | | |
| 510 | General Government | - | - | - | - |
| 520 | Public Safety | - | - | - | - |
| 530 | Utilities | - | - | - | - |
| 540 | Transportation | - | - | - | - |
| 550 | Natural and Economic Environment | - | - | 188,194 | - |
| 560 | Social Services | - | - | - | - |
| 570 | Culture and Recreation | - | - | - | - |
| Total Expenditures: | | - | - | 188,194 | - |
| Excess (Deficiency) Revenues over Expenditures: | | 68,698 | 121 | 65,174 | 585 |
| Other Increases in Fund Resources | | | | | |
| 391-393, 596 | Debt Proceeds | - | - | - | - |
| 397 | Transfers-In | - | - | - | 118,000 |
| 385 | Special or Extraordinary Items | - | - | - | - |
| 386 / 389 | Custodial Activities | - | - | - | - |
| 381, 395, 398 | Other Resources | - | - | - | - |
| Total Other Increases in Fund Resources: | | - | - | - | 118,000 |
| Other Decreases in Fund Resources | | | | | |
| 594-595 | Capital Expenditures | - | - | - | - |
| 591-593, 599 | Debt Service | - | - | - | 117,505 |
| 597 | Transfers-Out | 64,185 | - | - | - |
| 585 | Special or Extraordinary Items | - | - | - | - |
| 586 / 589 | Custodial Activities | - | - | - | - |
| 581 | Other Uses | - | - | - | - |
| Total Other Decreases in Fund Resources: | | 64,185 | - | - | 117,505 |
| Increase (Decrease) in Cash and Investments: | | 4,513 | 121 | 65,174 | 1,080 |
| Ending Cash and Investments | | | | | |
| 5081000 | Reserved | 31,644 | - | 224,396 | - |
| 5088000 | Unreserved | - | 7,658 | - | 2,491 |
| Total Ending Cash and Investments | | 31,644 | 7,658 | 224,396 | 2,491 |

City of Blaine
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

| | | 202 2006 Whatcom County EDI | 203 Qualified Energy Conservation | 204 2002 UTGO Bond - Fire Station | 207 LTGO 2007 & Refunding 1994A |
|---|-------------------------------------|--|--|--|--|
| Beginning Cash and Investments | | | | | |
| 30810 | Reserved | - | - | - | - |
| 30880 | Unreserved | 25,288 | 348 | 32,771 | 31,318 |
| 388 / 588 | Prior Period Adjustments, Net | - | - | - | - |
| Revenues | | | | | |
| 310 | Taxes | - | - | 135,110 | - |
| 320 | Licenses and Permits | - | - | - | - |
| 330 | Intergovernmental Revenues | - | 47,520 | - | - |
| 340 | Charges for Goods and Services | - | - | - | - |
| 350 | Fines and Penalties | - | - | - | - |
| 360 | Miscellaneous Revenues | 471 | 447 | 1,222 | 5,515 |
| Total Revenues: | | 471 | 47,967 | 136,332 | 5,515 |
| Expenditures | | | | | |
| 510 | General Government | - | - | - | - |
| 520 | Public Safety | - | - | - | - |
| 530 | Utilities | - | - | - | - |
| 540 | Transportation | - | - | - | - |
| 550 | Natural and Economic Environment | - | - | - | - |
| 560 | Social Services | - | - | - | - |
| 570 | Culture and Recreation | - | - | - | - |
| Total Expenditures: | | - | - | - | - |
| Excess (Deficiency) Revenues over Expenditures: | | 471 | 47,967 | 136,332 | 5,515 |
| Other Increases in Fund Resources | | | | | |
| 391-393, 596 | Debt Proceeds | - | - | - | - |
| 397 | Transfers-In | 50,868 | 137,466 | - | 604,988 |
| 385 | Special or Extraordinary Items | - | - | - | - |
| 386 / 389 | Custodial Activities | - | - | - | - |
| 381, 395, 398 | Other Resources | - | - | - | - |
| Total Other Increases in Fund Resources: | | 50,868 | 137,466 | - | 604,988 |
| Other Decreases in Fund Resources | | | | | |
| 594-595 | Capital Expenditures | - | - | - | - |
| 591-593, 599 | Debt Service | 50,868 | 184,757 | 135,860 | 638,402 |
| 597 | Transfers-Out | - | - | - | - |
| 585 | Special or Extraordinary Items | - | - | - | - |
| 586 / 589 | Custodial Activities | - | - | - | - |
| 581 | Other Uses | - | - | - | - |
| Total Other Decreases in Fund Resources: | | 50,868 | 184,757 | 135,860 | 638,402 |
| Increase (Decrease) in Cash and Investments: | | 471 | 676 | 472 | (27,899) |
| Ending Cash and Investments | | | | | |
| 5081000 | Reserved | - | - | - | - |
| 5088000 | Unreserved | 25,759 | 1,024 | 33,243 | 3,420 |
| Total Ending Cash and Investments | | 25,759 | 1,024 | 33,243 | 3,420 |

City of Blaine
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

| | | 230 LID Guaranty Fund | 236 CERB Loan- Odell RD | 300 Municipal Capital Improve. | 307 General Government CIP |
|---|-------------------------------------|----------------------------------|------------------------------------|---|---|
| Beginning Cash and Investments | | | | | |
| 30810 | Reserved | - | - | - | - |
| 30880 | Unreserved | 7,305 | 9,129 | 168,275 | 5,230 |
| 388 / 588 | Prior Period Adjustments, Net | - | - | - | - |
| Revenues | | | | | |
| 310 | Taxes | - | - | 180,179 | - |
| 320 | Licenses and Permits | - | - | - | - |
| 330 | Intergovernmental Revenues | - | - | - | - |
| 340 | Charges for Goods and Services | - | - | - | - |
| 350 | Fines and Penalties | - | - | - | - |
| 360 | Miscellaneous Revenues | 313 | 150 | 1,783 | - |
| Total Revenues: | | 313 | 150 | 181,962 | - |
| Expenditures | | | | | |
| 510 | General Government | - | - | - | - |
| 520 | Public Safety | - | - | - | - |
| 530 | Utilities | - | - | - | - |
| 540 | Transportation | - | - | - | - |
| 550 | Natural and Economic Environment | - | - | - | - |
| 560 | Social Services | - | - | - | - |
| 570 | Culture and Recreation | - | - | - | - |
| Total Expenditures: | | - | - | - | - |
| Excess (Deficiency) Revenues over Expenditures: | | 313 | 150 | 181,962 | - |
| Other Increases in Fund Resources | | | | | |
| 391-393, 596 | Debt Proceeds | - | - | - | - |
| 397 | Transfers-In | - | 23,455 | - | 170,000 |
| 385 | Special or Extraordinary Items | - | - | - | - |
| 386 / 389 | Custodial Activities | - | - | - | - |
| 381, 395, 398 | Other Resources | - | - | - | - |
| Total Other Increases in Fund Resources: | | - | 23,455 | - | 170,000 |
| Other Decreases in Fund Resources | | | | | |
| 594-595 | Capital Expenditures | - | - | - | 43,996 |
| 591-593, 599 | Debt Service | - | 23,236 | - | - |
| 597 | Transfers-Out | - | - | 220,868 | - |
| 585 | Special or Extraordinary Items | - | - | - | - |
| 586 / 589 | Custodial Activities | - | - | - | - |
| 581 | Other Uses | - | - | - | - |
| Total Other Decreases in Fund Resources: | | - | 23,236 | 220,868 | 43,996 |
| Increase (Decrease) in Cash and Investments: | | 313 | 369 | (38,906) | 126,004 |
| Ending Cash and Investments | | | | | |
| 5081000 | Reserved | - | - | - | - |
| 5088000 | Unreserved | 7,618 | 9,498 | 129,369 | 131,234 |
| Total Ending Cash and Investments | | 7,618 | 9,498 | 129,369 | 131,234 |

City of Blaine
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

| | | 308 Capital Facilities- Growth Mgmt | 314 Park CIP Fund | 320 East Blaine CIP | 330 Energy Efficiency Project (ESCO) |
|---|-------------------------------------|--|------------------------------|--------------------------------|---|
| Beginning Cash and Investments | | | | | |
| 30810 | Reserved | - | - | - | - |
| 30880 | Unreserved | 90,497 | 76,846 | 94 | 59,507 |
| 388 / 588 | Prior Period Adjustments, Net | - | - | - | - |
| Revenues | | | | | |
| 310 | Taxes | 180,179 | - | - | - |
| 320 | Licenses and Permits | - | - | - | - |
| 330 | Intergovernmental Revenues | - | - | - | - |
| 340 | Charges for Goods and Services | - | - | - | - |
| 350 | Fines and Penalties | - | - | - | - |
| 360 | Miscellaneous Revenues | 1,073 | 55,815 | - | 212,973 |
| Total Revenues: | | 181,252 | 55,815 | - | 212,973 |
| Expenditures | | | | | |
| 510 | General Government | - | - | - | - |
| 520 | Public Safety | - | - | - | - |
| 530 | Utilities | - | - | - | - |
| 540 | Transportation | - | - | - | - |
| 550 | Natural and Economic Environment | - | - | - | - |
| 560 | Social Services | - | - | - | - |
| 570 | Culture and Recreation | - | - | - | - |
| Total Expenditures: | | - | - | - | - |
| Excess (Deficiency) Revenues over Expenditures: | | 181,252 | 55,815 | - | 212,973 |
| Other Increases in Fund Resources | | | | | |
| 391-393, 596 | Debt Proceeds | - | - | - | - |
| 397 | Transfers-In | - | 99,185 | - | - |
| 385 | Special or Extraordinary Items | - | - | - | - |
| 386 / 389 | Custodial Activities | - | - | - | - |
| 381, 395, 398 | Other Resources | - | - | - | - |
| Total Other Increases in Fund Resources: | | - | 99,185 | - | - |
| Other Decreases in Fund Resources | | | | | |
| 594-595 | Capital Expenditures | - | 138,706 | - | 226,670 |
| 591-593, 599 | Debt Service | - | - | - | - |
| 597 | Transfers-Out | 185,000 | - | - | - |
| 585 | Special or Extraordinary Items | - | - | - | - |
| 586 / 589 | Custodial Activities | - | - | - | - |
| 581 | Other Uses | - | - | - | - |
| Total Other Decreases in Fund Resources: | | 185,000 | 138,706 | - | 226,670 |
| Increase (Decrease) in Cash and Investments: | | (3,748) | 16,294 | - | (13,697) |
| Ending Cash and Investments | | | | | |
| 5081000 | Reserved | - | - | - | - |
| 5088000 | Unreserved | 86,749 | 93,140 | 94 | 45,810 |
| Total Ending Cash and Investments | | 86,749 | 93,140 | 94 | 45,810 |

City of Blaine
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

| | | 332 Street Overlays - Capital | 333 Residential Street Levy Improv | 340 I-5 Access Study | 401 Light Fund |
|---|-------------------------------------|--|---|---------------------------------|-----------------------|
| Beginning Cash and Investments | | | | | |
| 30810 | Reserved | - | - | - | 440,664 |
| 30880 | Unreserved | 390,295 | 234,791 | 36,266 | 3,292,151 |
| 388 / 588 | Prior Period Adjustments, Net | - | - | - | - |
| Revenues | | | | | |
| 310 | Taxes | 154,537 | 618,149 | - | - |
| 320 | Licenses and Permits | - | - | - | - |
| 330 | Intergovernmental Revenues | 33,358 | 611,093 | - | - |
| 340 | Charges for Goods and Services | - | - | - | 6,155,055 |
| 350 | Fines and Penalties | - | - | - | 17,561 |
| 360 | Miscellaneous Revenues | 5,550 | 570 | - | 264,289 |
| Total Revenues: | | 193,445 | 1,229,811 | - | 6,436,904 |
| Expenditures | | | | | |
| 510 | General Government | - | - | - | - |
| 520 | Public Safety | - | - | - | - |
| 530 | Utilities | - | - | - | 5,519,931 |
| 540 | Transportation | - | - | - | - |
| 550 | Natural and Economic Environment | - | - | - | - |
| 560 | Social Services | - | - | - | - |
| 570 | Culture and Recreation | - | - | - | - |
| Total Expenditures: | | - | - | - | 5,519,931 |
| Excess (Deficiency) Revenues over Expenditures: | | 193,445 | 1,229,812 | - | 916,974 |
| Other Increases in Fund Resources | | | | | |
| 391-393, 596 | Debt Proceeds | - | - | - | - |
| 397 | Transfers-In | - | 175,000 | - | 11,986 |
| 385 | Special or Extraordinary Items | - | - | - | - |
| 386 / 389 | Custodial Activities | - | - | - | - |
| 381, 395, 398 | Other Resources | - | - | - | 4,175 |
| Total Other Increases in Fund Resources: | | - | 175,000 | - | 16,161 |
| Other Decreases in Fund Resources | | | | | |
| 594-595 | Capital Expenditures | 46,392 | 746,096 | - | 228,134 |
| 591-593, 599 | Debt Service | - | - | - | 331,900 |
| 597 | Transfers-Out | 175,000 | 668,288 | - | 249,388 |
| 585 | Special or Extraordinary Items | - | - | - | - |
| 586 / 589 | Custodial Activities | - | - | - | 2,049 |
| 581 | Other Uses | - | - | - | - |
| Total Other Decreases in Fund Resources: | | 221,392 | 1,414,385 | - | 811,471 |
| Increase (Decrease) in Cash and Investments: | | (27,947) | (9,573) | - | 121,664 |
| Ending Cash and Investments | | | | | |
| 5081000 | Reserved | - | - | - | 437,963 |
| 5088000 | Unreserved | 362,348 | 225,217 | 36,266 | 3,416,516 |
| Total Ending Cash and Investments | | 362,348 | 225,217 | 36,266 | 3,854,479 |

City of Blaine
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

| | | 410 Water Fund | 420 Wastewater Fund | 425 Storm Water Utility | 430 Airport Fund |
|---|----------------------------------|-----------------------|----------------------------|--------------------------------|-------------------------|
| Beginning Cash and Investments | | | | | |
| 30810 | Reserved | 67,829 | 1,043,187 | - | - |
| 30880 | Unreserved | 3,059,564 | 1,957,904 | 402,558 | 1,246 |
| 388 / 588 | Prior Period Adjustments, Net | - | - | - | - |
| Revenues | | | | | |
| 310 | Taxes | - | - | - | - |
| 320 | Licenses and Permits | - | - | - | - |
| 330 | Intergovernmental Revenues | - | - | 25,295 | - |
| 340 | Charges for Goods and Services | 1,385,649 | 4,051,885 | 347,104 | - |
| 350 | Fines and Penalties | 13,666 | 11,480 | 2,344 | - |
| 360 | Miscellaneous Revenues | 403,837 | 744,539 | 27,113 | 16,812 |
| Total Revenues: | | 1,803,152 | 4,807,904 | 401,855 | 16,812 |
| Expenditures | | | | | |
| 510 | General Government | - | - | - | - |
| 520 | Public Safety | - | - | - | - |
| 530 | Utilities | 1,270,178 | 2,044,275 | 200,080 | - |
| 540 | Transportation | - | - | - | 2,257 |
| 550 | Natural and Economic Environment | - | - | - | - |
| 560 | Social Services | - | - | - | - |
| 570 | Culture and Recreation | - | - | - | - |
| Total Expenditures: | | 1,270,178 | 2,044,275 | 200,080 | 2,257 |
| Excess (Deficiency) Revenues over Expenditures: | | 532,974 | 2,763,629 | 201,776 | 14,555 |
| Other Increases in Fund Resources | | | | | |
| 391-393, 596 | Debt Proceeds | 5,000 | - | - | - |
| 397 | Transfers-In | - | - | 63,300 | - |
| 385 | Special or Extraordinary Items | - | - | - | - |
| 386 / 389 | Custodial Activities | 4,000 | - | - | - |
| 381, 395, 398 | Other Resources | 12,961 | 1,498 | - | 315,906 |
| Total Other Increases in Fund Resources: | | 21,961 | 1,498 | 63,300 | 315,906 |
| Other Decreases in Fund Resources | | | | | |
| 594-595 | Capital Expenditures | 401,494 | 534,567 | 166,226 | - |
| 591-593, 599 | Debt Service | - | 1,795,714 | 72,858 | - |
| 597 | Transfers-Out | 102,500 | 94,659 | - | - |
| 585 | Special or Extraordinary Items | - | - | - | - |
| 586 / 589 | Custodial Activities | 3,658 | - | - | - |
| 581 | Other Uses | - | - | - | - |
| Total Other Decreases in Fund Resources: | | 507,651 | 2,424,940 | 239,084 | - |
| Increase (Decrease) in Cash and Investments: | | 47,283 | 340,187 | 25,992 | 330,461 |
| Ending Cash and Investments | | | | | |
| 5081000 | Reserved | 68,171 | 1,200,291 | - | - |
| 5088000 | Unreserved | 3,106,505 | 2,140,986 | 428,549 | 331,707 |
| Total Ending Cash and Investments | | 3,174,676 | 3,341,277 | 428,549 | 331,707 |

City of Blaine
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

| | | 503 Public Works Administration | 505 Advance Travel | 700 Cemetery Endowment |
|---|-------------------------------------|--|-------------------------------|-----------------------------------|
| Beginning Cash and Investments | | | | |
| 30810 | Reserved | - | - | - |
| 30880 | Unreserved | 47,254 | 2,000 | 49,519 |
| 388 / 588 | Prior Period Adjustments, Net | - | - | - |
| Revenues | | | | |
| 310 | Taxes | - | - | - |
| 320 | Licenses and Permits | - | - | - |
| 330 | Intergovernmental Revenues | - | - | - |
| 340 | Charges for Goods and Services | 781,797 | - | 600 |
| 350 | Fines and Penalties | - | - | - |
| 360 | Miscellaneous Revenues | 630 | - | 804 |
| Total Revenues: | | 782,427 | - | 1,404 |
| Expenditures | | | | |
| 510 | General Government | - | - | - |
| 520 | Public Safety | - | - | - |
| 530 | Utilities | 784,668 | - | - |
| 540 | Transportation | - | - | - |
| 550 | Natural and Economic Environment | - | - | - |
| 560 | Social Services | - | - | - |
| 570 | Culture and Recreation | - | - | - |
| Total Expenditures: | | 784,668 | - | - |
| Excess (Deficiency) Revenues over Expenditures: | | (2,241) | - | 1,404 |
| Other Increases in Fund Resources | | | | |
| 391-393, 596 | Debt Proceeds | - | - | - |
| 397 | Transfers-In | - | - | - |
| 385 | Special or Extraordinary Items | - | - | - |
| 386 / 389 | Custodial Activities | - | 3,019 | - |
| 381, 395, 398 | Other Resources | 25,000 | - | - |
| Total Other Increases in Fund Resources: | | 25,000 | 3,019 | - |
| Other Decreases in Fund Resources | | | | |
| 594-595 | Capital Expenditures | - | - | - |
| 591-593, 599 | Debt Service | - | - | - |
| 597 | Transfers-Out | - | - | - |
| 585 | Special or Extraordinary Items | - | - | - |
| 586 / 589 | Custodial Activities | - | 3,094 | - |
| 581 | Other Uses | - | - | - |
| Total Other Decreases in Fund Resources: | | - | 3,094 | - |
| Increase (Decrease) in Cash and Investments: | | 22,759 | (75) | 1,404 |
| Ending Cash and Investments | | | | |
| 5081000 | Reserved | - | - | - |
| 5088000 | Unreserved | 70,012 | 1,925 | 50,923 |
| Total Ending Cash and Investments | | 70,012 | 1,925 | 50,923 |

City of Blaine
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2016

| | | Total for All Funds (Memo Only) | 001 General Fund | 101 Street Fund | 102 Traffic Impact Reserve |
|---|-------------------------------------|--|-----------------------------|------------------------|---------------------------------------|
| Beginning Cash and Investments | | | | | |
| 30810 | Reserved | 2,362,626 | 765,318 | - | 59,734 |
| 30880 | Unreserved | 11,237,144 | 1,647,690 | 80,913 | - |
| 388 / 588 | Prior Period Adjustments, Net | - | - | - | - |
| Revenues | | | | | |
| 310 | Taxes | 4,599,479 | 2,901,703 | 296,813 | - |
| 320 | Licenses and Permits | 463,451 | 463,451 | - | - |
| 330 | Intergovernmental Revenues | 1,494,648 | 244,831 | 110,983 | - |
| 340 | Charges for Goods and Services | 13,594,870 | 1,445,138 | 1,350 | 42,461 |
| 350 | Fines and Penalties | 215,234 | 169,771 | 29 | - |
| 360 | Miscellaneous Revenues | 1,241,850 | 199,356 | - | 507 |
| Total Revenues: | | 21,609,532 | 5,424,250 | 409,175 | 42,968 |
| Expenditures | | | | | |
| 510 | General Government | 2,319,482 | 2,319,482 | - | - |
| 520 | Public Safety | 1,996,668 | 1,996,668 | - | - |
| 530 | Utilities | 8,522,341 | 22,528 | - | - |
| 540 | Transportation | 1,315,489 | - | 535,678 | - |
| 550 | Natural and Economic Environment | 762,013 | 661,007 | - | - |
| 560 | Social Services | 109,752 | 109,752 | - | - |
| 570 | Culture and Recreation | 340,676 | 340,676 | - | - |
| Total Expenditures: | | 15,366,420 | 5,450,112 | 535,678 | - |
| Excess (Deficiency) Revenues over Expenditures: | | 6,243,111 | (25,863) | (126,503) | 42,968 |
| Other Increases in Fund Resources | | | | | |
| 391-393, 596 | Debt Proceeds | 261,565 | - | - | - |
| 397 | Transfers-In | 1,608,239 | 400,967 | 138,000 | - |
| 385 | Special or Extraordinary Items | - | - | - | - |
| 386 / 389 | Custodial Activities | 6,652 | 375 | - | - |
| 381, 395, 398 | Other Resources | 57,351 | 11,754 | 7,735 | - |
| Total Other Increases in Fund Resources: | | 1,933,807 | 413,095 | 145,735 | - |
| Other Decreases in Fund Resources | | | | | |
| 594-595 | Capital Expenditures | 2,051,861 | 9,534 | 7,875 | - |
| 591-593, 599 | Debt Service | 3,500,719 | 8,772 | - | - |
| 597 | Transfers-Out | 1,648,839 | 147,670 | - | - |
| 585 | Special or Extraordinary Items | - | - | - | - |
| 586 / 589 | Custodial Activities | 49,145 | 40,247 | - | - |
| 581 | Other Uses | 15,000 | 5,000 | - | - |
| Total Other Decreases in Fund Resources: | | 7,265,564 | 211,223 | 7,875 | - |
| Increase (Decrease) in Cash and Investments: | | 911,354 | 176,010 | 11,357 | 42,968 |
| Ending Cash and Investments | | | | | |
| 5081000 | Reserved | 2,747,305 | 906,572 | - | 102,702 |
| 5088000 | Unreserved | 11,763,819 | 1,682,446 | 92,270 | - |
| Total Ending Cash and Investments | | 14,511,124 | 2,589,018 | 92,270 | 102,702 |

The accompanying notes are an integral part of this statement.

City of Blaine
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2016

| | | 103 Park Impact Reserve | 106 Parking Cumulative Reserve | 110 Hotel/motel Fund | 201 LTGO Bonds |
|---|-------------------------------------|------------------------------------|---|---------------------------------|---------------------------|
| Beginning Cash and Investments | | | | | |
| 30810 | Reserved | 4,354 | - | 111,750 | - |
| 30880 | Unreserved | - | 7,490 | - | 761 |
| 388 / 588 | Prior Period Adjustments, Net | - | - | - | - |
| Revenues | | | | | |
| 310 | Taxes | - | - | 217,581 | - |
| 320 | Licenses and Permits | - | - | - | - |
| 330 | Intergovernmental Revenues | - | - | - | - |
| 340 | Charges for Goods and Services | 53,296 | - | - | - |
| 350 | Fines and Penalties | - | - | - | - |
| 360 | Miscellaneous Revenues | 117 | 47 | 863 | 154 |
| Total Revenues: | | 53,413 | 47 | 218,444 | 154 |
| Expenditures | | | | | |
| 510 | General Government | - | - | - | - |
| 520 | Public Safety | - | - | - | - |
| 530 | Utilities | - | - | - | - |
| 540 | Transportation | - | - | - | - |
| 550 | Natural and Economic Environment | - | - | 101,006 | - |
| 560 | Social Services | - | - | - | - |
| 570 | Culture and Recreation | - | - | - | - |
| Total Expenditures: | | - | - | 101,006 | - |
| Excess (Deficiency) Revenues over Expenditures: | | 53,413 | 47 | 117,438 | 154 |
| Other Increases in Fund Resources | | | | | |
| 391-393, 596 | Debt Proceeds | - | - | - | - |
| 397 | Transfers-In | - | - | - | 118,000 |
| 385 | Special or Extraordinary Items | - | - | - | - |
| 386 / 389 | Custodial Activities | - | - | - | - |
| 381, 395, 398 | Other Resources | - | - | - | - |
| Total Other Increases in Fund Resources: | | - | - | - | 118,000 |
| Other Decreases in Fund Resources | | | | | |
| 594-595 | Capital Expenditures | - | - | - | - |
| 591-593, 599 | Debt Service | - | - | - | 117,505 |
| 597 | Transfers-Out | 30,636 | - | 69,967 | - |
| 585 | Special or Extraordinary Items | - | - | - | - |
| 586 / 589 | Custodial Activities | - | - | - | - |
| 581 | Other Uses | - | - | - | - |
| Total Other Decreases in Fund Resources: | | 30,636 | - | 69,967 | 117,505 |
| Increase (Decrease) in Cash and Investments: | | 22,777 | 47 | 47,471 | 649 |
| Ending Cash and Investments | | | | | |
| 5081000 | Reserved | 27,131 | - | 159,221 | - |
| 5088000 | Unreserved | - | 7,537 | - | 1,410 |
| Total Ending Cash and Investments | | 27,131 | 7,537 | 159,221 | 1,410 |

City of Blaine
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2016

| | | 202 2006 Whatcom County EDI | 203 Qualified Energy Conservation | 204 2002 UTGO Bond - Fire Station | 207 LTGO 2007 & Refunding 1994A |
|---|-------------------------------------|--|--|--|--|
| Beginning Cash and Investments | | | | | |
| 30810 | Reserved | - | - | - | - |
| 30880 | Unreserved | 25,153 | - | 35,424 | 30,188 |
| 388 / 588 | Prior Period Adjustments, Net | - | - | - | - |
| Revenues | | | | | |
| 310 | Taxes | - | - | 128,353 | - |
| 320 | Licenses and Permits | - | - | - | - |
| 330 | Intergovernmental Revenues | - | 50,799 | - | - |
| 340 | Charges for Goods and Services | - | - | - | - |
| 350 | Fines and Penalties | - | - | - | - |
| 360 | Miscellaneous Revenues | 135 | 130 | 367 | 1,430 |
| Total Revenues: | | 135 | 50,929 | 128,720 | 1,430 |
| Expenditures | | | | | |
| 510 | General Government | - | - | - | - |
| 520 | Public Safety | - | - | - | - |
| 530 | Utilities | - | - | - | - |
| 540 | Transportation | - | - | - | - |
| 550 | Natural and Economic Environment | - | - | - | - |
| 560 | Social Services | - | - | - | - |
| 570 | Culture and Recreation | - | - | - | - |
| Total Expenditures: | | - | - | - | - |
| Excess (Deficiency) Revenues over Expenditures: | | 135 | 50,929 | 128,720 | 1,430 |
| Other Increases in Fund Resources | | | | | |
| 391-393, 596 | Debt Proceeds | - | - | - | - |
| 397 | Transfers-In | 50,868 | 137,466 | - | 618,800 |
| 385 | Special or Extraordinary Items | - | - | - | - |
| 386 / 389 | Custodial Activities | - | - | - | - |
| 381, 395, 398 | Other Resources | - | - | - | - |
| Total Other Increases in Fund Resources: | | 50,868 | 137,466 | - | 618,800 |
| Other Decreases in Fund Resources | | | | | |
| 594-595 | Capital Expenditures | - | - | - | - |
| 591-593, 599 | Debt Service | 50,868 | 188,047 | 131,373 | 619,100 |
| 597 | Transfers-Out | - | - | - | - |
| 585 | Special or Extraordinary Items | - | - | - | - |
| 586 / 589 | Custodial Activities | - | - | - | - |
| 581 | Other Uses | - | - | - | - |
| Total Other Decreases in Fund Resources: | | 50,868 | 188,047 | 131,373 | 619,100 |
| Increase (Decrease) in Cash and Investments: | | 135 | 348 | (2,653) | 1,130 |
| Ending Cash and Investments | | | | | |
| 5081000 | Reserved | - | - | - | - |
| 5088000 | Unreserved | 25,288 | 348 | 32,771 | 31,318 |
| Total Ending Cash and Investments | | 25,288 | 348 | 32,771 | 31,318 |

City of Blaine
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2016

| | | 230 LID Guaranty Fund | 236 CERB Loan- Odell RD | 300 Municipal Capital Improve. | 307 General Government CIP |
|---|-------------------------------------|----------------------------------|------------------------------------|---|---|
| Beginning Cash and Investments | | | | | |
| 30810 | Reserved | - | - | - | - |
| 30880 | Unreserved | 7,305 | 9,072 | 65,744 | 15,620 |
| 388 / 588 | Prior Period Adjustments, Net | - | - | - | - |
| Revenues | | | | | |
| 310 | Taxes | - | - | 152,788 | - |
| 320 | Licenses and Permits | - | - | - | - |
| 330 | Intergovernmental Revenues | - | - | - | - |
| 340 | Charges for Goods and Services | - | - | - | - |
| 350 | Fines and Penalties | - | - | - | - |
| 360 | Miscellaneous Revenues | - | 57 | 610 | 6,278 |
| Total Revenues: | | - | 57 | 153,398 | 6,278 |
| Expenditures | | | | | |
| 510 | General Government | - | - | - | - |
| 520 | Public Safety | - | - | - | - |
| 530 | Utilities | - | - | - | - |
| 540 | Transportation | - | - | - | - |
| 550 | Natural and Economic Environment | - | - | - | - |
| 560 | Social Services | - | - | - | - |
| 570 | Culture and Recreation | - | - | - | - |
| Total Expenditures: | | - | - | - | - |
| Excess (Deficiency) Revenues over Expenditures: | | - | 57 | 153,398 | 6,278 |
| Other Increases in Fund Resources | | | | | |
| 391-393, 596 | Debt Proceeds | - | - | - | - |
| 397 | Transfers-In | - | 23,455 | - | 13,722 |
| 385 | Special or Extraordinary Items | - | - | - | - |
| 386 / 389 | Custodial Activities | - | - | - | - |
| 381, 395, 398 | Other Resources | - | - | - | - |
| Total Other Increases in Fund Resources: | | - | 23,455 | - | 13,722 |
| Other Decreases in Fund Resources | | | | | |
| 594-595 | Capital Expenditures | - | - | - | 30,390 |
| 591-593, 599 | Debt Service | - | 23,455 | - | - |
| 597 | Transfers-Out | - | - | 50,868 | - |
| 585 | Special or Extraordinary Items | - | - | - | - |
| 586 / 589 | Custodial Activities | - | - | - | - |
| 581 | Other Uses | - | - | - | - |
| Total Other Decreases in Fund Resources: | | - | 23,455 | 50,868 | 30,390 |
| Increase (Decrease) in Cash and Investments: | | - | 57 | 102,530 | (10,390) |
| Ending Cash and Investments | | | | | |
| 5081000 | Reserved | - | - | - | - |
| 5088000 | Unreserved | 7,305 | 9,129 | 168,275 | 5,230 |
| Total Ending Cash and Investments | | 7,305 | 9,129 | 168,275 | 5,230 |

City of Blaine
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2016

| | | 308 Capital Facilities- Growth Mgmt | 314 Park CIP Fund | 320 East Blaine CIP | 330 Energy Efficiency Project (ESCO) |
|---|-------------------------------------|--|------------------------------|--------------------------------|---|
| Beginning Cash and Investments | | | | | |
| 30810 | Reserved | - | - | - | - |
| 30880 | Unreserved | 152,025 | 101,364 | 94 | 59,507 |
| 388 / 588 | Prior Period Adjustments, Net | - | - | - | - |
| Revenues | | | | | |
| 310 | Taxes | 152,788 | - | - | - |
| 320 | Licenses and Permits | - | - | - | - |
| 330 | Intergovernmental Revenues | - | 1,773 | - | - |
| 340 | Charges for Goods and Services | - | - | - | - |
| 350 | Fines and Penalties | - | - | - | - |
| 360 | Miscellaneous Revenues | 683 | 10,920 | - | - |
| Total Revenues: | | 153,471 | 12,693 | - | - |
| Expenditures | | | | | |
| 510 | General Government | - | - | - | - |
| 520 | Public Safety | - | - | - | - |
| 530 | Utilities | - | - | - | - |
| 540 | Transportation | - | - | - | - |
| 550 | Natural and Economic Environment | - | - | - | - |
| 560 | Social Services | - | - | - | - |
| 570 | Culture and Recreation | - | - | - | - |
| Total Expenditures: | | - | - | - | - |
| Excess (Deficiency) Revenues over Expenditures: | | 153,471 | 12,693 | - | - |
| Other Increases in Fund Resources | | | | | |
| 391-393, 596 | Debt Proceeds | - | - | - | - |
| 397 | Transfers-In | - | 45,636 | - | - |
| 385 | Special or Extraordinary Items | - | - | - | - |
| 386 / 389 | Custodial Activities | - | - | - | - |
| 381, 395, 398 | Other Resources | - | - | - | - |
| Total Other Increases in Fund Resources: | | - | 45,636 | - | - |
| Other Decreases in Fund Resources | | | | | |
| 594-595 | Capital Expenditures | - | 82,847 | - | - |
| 591-593, 599 | Debt Service | - | - | - | - |
| 597 | Transfers-Out | 215,000 | - | - | - |
| 585 | Special or Extraordinary Items | - | - | - | - |
| 586 / 589 | Custodial Activities | - | - | - | - |
| 581 | Other Uses | - | - | - | - |
| Total Other Decreases in Fund Resources: | | 215,000 | 82,847 | - | - |
| Increase (Decrease) in Cash and Investments: | | (61,529) | (24,518) | - | - |
| Ending Cash and Investments | | | | | |
| 5081000 | Reserved | - | - | - | - |
| 5088000 | Unreserved | 90,497 | 76,846 | 94 | 59,507 |
| Total Ending Cash and Investments | | 90,497 | 76,846 | 94 | 59,507 |

City of Blaine
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2016

| | | 332 Street Overlays - Capital | 333 Residential Street Levy Improv | 340 I-5 Access Study | 401 Light Fund |
|---|-------------------------------------|--|---|---------------------------------|-----------------------|
| Beginning Cash and Investments | | | | | |
| 30810 | Reserved | - | - | - | 480,020 |
| 30880 | Unreserved | 444,858 | 218,681 | 36,266 | 3,495,924 |
| 388 / 588 | Prior Period Adjustments, Net | - | - | - | - |
| Revenues | | | | | |
| 310 | Taxes | 149,891 | 599,563 | - | - |
| 320 | Licenses and Permits | - | - | - | - |
| 330 | Intergovernmental Revenues | 86,736 | 551,542 | - | - |
| 340 | Charges for Goods and Services | - | - | - | 5,747,617 |
| 350 | Fines and Penalties | - | - | - | 17,804 |
| 360 | Miscellaneous Revenues | 4,500 | 170 | - | 92,683 |
| Total Revenues: | | 241,127 | 1,151,274 | - | 5,858,105 |
| Expenditures | | | | | |
| 510 | General Government | - | - | - | - |
| 520 | Public Safety | - | - | - | - |
| 530 | Utilities | - | - | - | 5,191,908 |
| 540 | Transportation | - | - | - | - |
| 550 | Natural and Economic Environment | - | - | - | - |
| 560 | Social Services | - | - | - | - |
| 570 | Culture and Recreation | - | - | - | - |
| Total Expenditures: | | - | - | - | 5,191,908 |
| Excess (Deficiency) Revenues over Expenditures: | | 241,127 | 1,151,275 | - | 666,196 |
| Other Increases in Fund Resources | | | | | |
| 391-393, 596 | Debt Proceeds | - | - | - | - |
| 397 | Transfers-In | - | - | - | - |
| 385 | Special or Extraordinary Items | - | - | - | - |
| 386 / 389 | Custodial Activities | - | - | - | - |
| 381, 395, 398 | Other Resources | - | - | - | 32,845 |
| Total Other Increases in Fund Resources: | | - | - | - | 32,845 |
| Other Decreases in Fund Resources | | | | | |
| 594-595 | Capital Expenditures | 91,554 | 591,175 | - | 286,955 |
| 591-593, 599 | Debt Service | - | - | - | 495,990 |
| 597 | Transfers-Out | 204,136 | 543,989 | - | 158,469 |
| 585 | Special or Extraordinary Items | - | - | - | - |
| 586 / 589 | Custodial Activities | - | - | - | 755 |
| 581 | Other Uses | - | - | - | - |
| Total Other Decreases in Fund Resources: | | 295,690 | 1,135,164 | - | 942,170 |
| Increase (Decrease) in Cash and Investments: | | (54,563) | 16,111 | - | (243,129) |
| Ending Cash and Investments | | | | | |
| 5081000 | Reserved | - | - | - | 440,664 |
| 5088000 | Unreserved | 390,295 | 234,791 | 36,266 | 3,292,151 |
| Total Ending Cash and Investments | | 390,295 | 234,791 | 36,266 | 3,732,815 |

City of Blaine
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2016

| | | 410 Water Fund | 420 Wastewater Fund | 425 Storm Water Utility | 430 Airport Fund |
|---|----------------------------------|-----------------------|----------------------------|--------------------------------|-------------------------|
| Beginning Cash and Investments | | | | | |
| 30810 | Reserved | 78,958 | 862,492 | - | - |
| 30880 | Unreserved | 3,210,189 | 995,246 | 366,485 | 5,492 |
| 388 / 588 | Prior Period Adjustments, Net | - | - | - | - |
| Revenues | | | | | |
| 310 | Taxes | - | - | - | - |
| 320 | Licenses and Permits | - | - | - | - |
| 330 | Intergovernmental Revenues | - | 395,719 | 52,266 | - |
| 340 | Charges for Goods and Services | 1,351,581 | 4,009,637 | 294,163 | - |
| 350 | Fines and Penalties | 13,883 | 11,428 | 2,319 | - |
| 360 | Miscellaneous Revenues | 333,534 | 535,328 | 36,919 | 16,392 |
| Total Revenues: | | 1,698,997 | 4,952,112 | 385,666 | 16,392 |
| Expenditures | | | | | |
| 510 | General Government | - | - | - | - |
| 520 | Public Safety | - | - | - | - |
| 530 | Utilities | 1,087,074 | 2,039,759 | 181,072 | - |
| 540 | Transportation | - | - | - | 5,637 |
| 550 | Natural and Economic Environment | - | - | - | - |
| 560 | Social Services | - | - | - | - |
| 570 | Culture and Recreation | - | - | - | - |
| Total Expenditures: | | 1,087,074 | 2,039,759 | 181,072 | 5,637 |
| Excess (Deficiency) Revenues over Expenditures: | | 611,923 | 2,912,353 | 204,595 | 10,755 |
| Other Increases in Fund Resources | | | | | |
| 391-393, 596 | Debt Proceeds | - | 261,565 | - | - |
| 397 | Transfers-In | - | - | 61,325 | - |
| 385 | Special or Extraordinary Items | - | - | - | - |
| 386 / 389 | Custodial Activities | 935 | - | - | - |
| 381, 395, 398 | Other Resources | 5,018 | - | - | - |
| Total Other Increases in Fund Resources: | | 5,953 | 261,565 | 61,325 | - |
| Other Decreases in Fund Resources | | | | | |
| 594-595 | Capital Expenditures | 724,416 | 153,202 | 73,911 | - |
| 591-593, 599 | Debt Service | (87) | 1,790,761 | 69,935 | 5,000 |
| 597 | Transfers-Out | 52,500 | 86,604 | 86,000 | - |
| 585 | Special or Extraordinary Items | - | - | - | - |
| 586 / 589 | Custodial Activities | 2,801 | - | - | - |
| 581 | Other Uses | - | - | - | 10,000 |
| Total Other Decreases in Fund Resources: | | 779,630 | 2,030,567 | 229,846 | 15,000 |
| Increase (Decrease) in Cash and Investments: | | (161,754) | 1,143,351 | 36,074 | (4,245) |
| Ending Cash and Investments | | | | | |
| 5081000 | Reserved | 67,829 | 1,043,187 | - | - |
| 5088000 | Unreserved | 3,059,564 | 1,957,904 | 402,558 | 1,246 |
| Total Ending Cash and Investments | | 3,127,393 | 3,001,090 | 402,558 | 1,246 |

City of Blaine
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2016

| | | 503 Public Works Administration | 505 Advance Travel | 700 Cemetery Endowment |
|---|-------------------------------------|--|-------------------------------|-----------------------------------|
| Beginning Cash and Investments | | | | |
| 30810 | Reserved | - | - | - |
| 30880 | Unreserved | 172,644 | 2,000 | 51,007 |
| 388 / 588 | Prior Period Adjustments, Net | - | - | - |
| Revenues | | | | |
| 310 | Taxes | - | - | - |
| 320 | Licenses and Permits | - | - | - |
| 330 | Intergovernmental Revenues | - | - | - |
| 340 | Charges for Goods and Services | 648,427 | - | 1,200 |
| 350 | Fines and Penalties | - | - | - |
| 360 | Miscellaneous Revenues | 356 | - | 312 |
| Total Revenues: | | 648,783 | - | 1,512 |
| Expenditures | | | | |
| 510 | General Government | - | - | - |
| 520 | Public Safety | - | - | - |
| 530 | Utilities | - | - | - |
| 540 | Transportation | 774,174 | - | - |
| 550 | Natural and Economic Environment | - | - | - |
| 560 | Social Services | - | - | - |
| 570 | Culture and Recreation | - | - | - |
| Total Expenditures: | | 774,174 | - | - |
| Excess (Deficiency) Revenues over Expenditures: | | (125,391) | - | 1,512 |
| Other Increases in Fund Resources | | | | |
| 391-393, 596 | Debt Proceeds | - | - | - |
| 397 | Transfers-In | - | - | - |
| 385 | Special or Extraordinary Items | - | - | - |
| 386 / 389 | Custodial Activities | - | 5,342 | - |
| 381, 395, 398 | Other Resources | - | - | - |
| Total Other Increases in Fund Resources: | | - | 5,342 | - |
| Other Decreases in Fund Resources | | | | |
| 594-595 | Capital Expenditures | - | - | - |
| 591-593, 599 | Debt Service | - | - | - |
| 597 | Transfers-Out | - | - | 3,000 |
| 585 | Special or Extraordinary Items | - | - | - |
| 586 / 589 | Custodial Activities | - | 5,342 | - |
| 581 | Other Uses | - | - | - |
| Total Other Decreases in Fund Resources: | | - | 5,342 | 3,000 |
| Increase (Decrease) in Cash and Investments: | | (125,391) | 0 | (1,488) |
| Ending Cash and Investments | | | | |
| 5081000 | Reserved | - | - | - |
| 5088000 | Unreserved | 47,254 | 2,000 | 49,519 |
| Total Ending Cash and Investments | | 47,254 | 2,000 | 49,519 |

City of Blaine
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

| | | Total for All Funds (Memo Only) | Investment Trust | Private-Purpose Trust | Agency |
|-----------|--|--|-----------------------------|----------------------------------|---------------|
| 308 | Beginning Cash and Investments | 148,063 | 350 | 71,476 | 76,237 |
| 388 & 588 | Prior Period Adjustment, Net | - | - | - | - |
| 310-390 | Additions | 401,493 | 6 | 14,758 | 386,729 |
| 510-590 | Deductions | 393,044 | - | 26,202 | 366,842 |
| | Net Increase (Decrease) in Cash and Investments: | 8,449 | 6 | (11,442) | 19,886 |
| 508 | Ending Cash and Investments | 156,512 | 356 | 60,032 | 96,124 |

The accompanying notes are an integral part of this statement.

City of Blaine
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2016

| | | Total for All Funds (Memo Only) | 601 Unemployment Reserve | 621 Community Utility Donations | 622 LEOFF I Medical Reserve |
|-----------|--|--|---|--|--|
| 308 | Beginning Cash and Investments | 123,030 | 348 | 951 | 34,792 |
| 388 & 588 | Prior Period Adjustments, Net | - | - | - | - |
| 310-360 | Revenues | 2,077 | 2 | 4 | 256 |
| 380-390 | Other Increases and Financing Sources | 523,274 | - | 3,512 | 40,000 |
| 510-570 | Expenditures | 25,422 | - | - | 23,861 |
| 580-590 | Other Decreases and Financing Uses | 474,896 | - | 3,545 | - |
| | Net Increase (Decrease) in Cash and Investments: | 25,033 | 2 | (29) | 16,395 |
| 508 | Ending Cash and Investments | 148,063 | 350 | 922 | 51,187 |

| | | 623 Wetland Mitigation Reserve | 624 Miscellaneous Holding Fund | 631 WIN Team Agency Fund | 635 Small Cities Caucus |
|-----------|--|---|---|-------------------------------------|------------------------------------|
| 308 | Beginning Cash and Investments | 19,242 | 4 | 8,685 | 7,856 |
| 388 & 588 | Prior Period Adjustments, Net | - | - | - | - |
| 310-360 | Revenues | 121 | - | 54 | 49 |
| 380-390 | Other Increases and Financing Sources | - | - | - | - |
| 510-570 | Expenditures | - | - | - | - |
| 580-590 | Other Decreases and Financing Uses | - | - | - | - |
| | Net Increase (Decrease) in Cash and Investments: | 121 | - | 54 | 49 |
| 508 | Ending Cash and Investments | 19,363 | 4 | 8,739 | 7,905 |

| | | 641 State Building Code Fee | 650 Unclaimed Property | 653 Miscellaneous Deposits- Agency | 661 Municipal Court Agency Fund |
|-----------|--|--|-----------------------------------|---|--|
| 308 | Beginning Cash and Investments | 97 | 1,055 | 14,456 | 35,545 |
| 388 & 588 | Prior Period Adjustments, Net | - | - | - | - |
| 310-360 | Revenues | - | 1,590 | - | - |
| 380-390 | Other Increases and Financing Sources | 473 | - | 59,636 | 419,653 |
| 510-570 | Expenditures | - | 1,561 | - | - |
| 580-590 | Other Decreases and Financing Uses | 484 | - | 53,803 | 417,064 |
| | Net Increase (Decrease) in Cash and Investments: | (12) | 29 | 5,833 | 2,589 |
| 508 | Ending Cash and Investments | 86 | 1,084 | 20,289 | 38,134 |

The accompanying notes are an integral part of this statement.

CITY OF BLAINE
NOTES TO FINANCIAL STATEMENTS
JANUARY 1, 2017 THROUGH DECEMBER 31, 2017

Note 1 - Summary of Significant Accounting Policies

The City of Blaine was incorporated in 1890 and operates under the laws of the state of Washington applicable to a non-charter code City with a council-manager form of government. The City of Blaine is a general purpose government and provides general administration, public safety, planning and zoning, permits and inspections, streets, parks, cemetery, tourist information, and public works administration. In addition, the City of Blaine owns and operates an electrical service, water system, wastewater system, and storm drainage system.

The City of Blaine reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined by GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not present using the classifications defined in GAAP.

A. Fund Accounting

Financial transactions of the City of Blaine are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The City of Blaine's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following are the fund types used by the City of Blaine:

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

This fund is the primary operating fund of the City of Blaine. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the City of Blaine.

Debt Service Funds

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

Permanent Funds

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

PROPRIETARY FUND TYPES:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

Internal Service Funds

These funds account for operations that provide goods or services to other departments or funds of the City of Blaine on a cost reimbursement basis.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the City of Blaine in a trustee capacity or as an agent on behalf of others.

Private-Purpose Trust Funds

These funds report all trust arrangements under which principal and income benefit individuals, private organizations or other governments.

Agency Funds

These funds are used to account assets that City of Blaine holds on behalf of others in a custodial capacity.

B. Basis of Accounting

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

In accordance with state law the City of Blaine also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Budgets

The City of Blaine adopts annual appropriated budgets for the general fund, special revenue funds, capital funds, enterprise funds, and internal service funds. These budgets are appropriated at the fund level, which includes ending fund balance. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

| Fund | Final Appropriated Amounts | Actual Expenditures | Variance |
|---|---------------------------------------|--------------------------------|-----------------|
| General | \$ 6,540,201 | \$ 5,874,187 | \$ 666,014 |
| Street Operations | 712,746 | 628,202 | 84,544 |
| Traffic Impact Reserve | 125,284 | 100,000 | 25,284 |
| Park Impact Reserve | 67,960 | 64,185 | 3,775 |
| General Fund Reserve | 879,029 | 281,960 | 597,069 |
| Equipment Reserve | 882,243 | 31,612 | 850,631 |
| Hotel/Motel Fund | 266,236 | 188,194 | 78,042 |
| LTGO Bonds | 119,456 | 117,505 | 1,951 |
| Whatcom EDI Loan | 76,165 | 50,868 | 25,297 |
| Qualified Energy Conservation Bonds | 185,215 | 184,757 | 458 |
| 2002 UTGO Fire Station Bond | 160,639 | 135,860 | 24,779 |
| LTGO 2007 Refunding | 669,963 | 638,402 | 31,561 |
| CERB Loan-Odell RD | 32,597 | 23,236 | 9,361 |
| Municipal Capital Improvement | 325,376 | 220,868 | 104,508 |
| General Government Capital Improvement | 187,000 | 43,996 | 143,004 |
| Capital Facilities | 247,975 | 185,000 | 62,975 |
| Park Capital Improvement | 199,215 | 138,706 | 60,509 |
| Energy Efficiency Project | 272,480 | 226,670 | 45,810 |
| Transportation Capital Improvement | 3,430,296 | 1,635,776 | 1,794,520 |
| Electric Operating & CIP | 8,961,062 | 6,087,402 | 2,873,660 |
| Rural Economic Development | 653,000 | 244,000 | 409,000 |
| Water Operating & CIP | 5,081,665 | 1,777,829 | 3,303,836 |
| Sewer Operating & CIP | 7,434,379 | 4,469,215 | 2,965,164 |
| Stormwater Operating & CIP | 993,203 | 439,164 | 554,039 |
| Public Works Administration | \$ 806,797 | \$ 784,668 | \$ 22,129 |

Budgeted amounts are authorized to be transferred between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City of Blaine's legislative body.

D. Cash and Investments

See Note 2, Deposits and Investments

E. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of three (3) years. Capital assets and inventory are recorded as expenditures when purchased.

F. Compensated Absences

Vacation leave for the majority of employees may be accumulated up to 280 hours, but only 240 hours are payable upon separation or retirement. Sick leave for the majority of employees may be accumulated up to 1200 or 1500 hours, depending on the collective bargaining agreement. Upon separation or retirement, most employees meeting certain qualifications receive payment for unused sick leave in the amount of 10% of their accumulated sick bank. Select employees under individual contract may accumulate sick leave with no limit, subject to the provisions of their contract with regard to sick leave converted to a VEBA plan. Hours worked as overtime, but banked as “comp” time, may be accumulated up to a maximum of 40 hours and are payable upon separation or retirement. Uniformed employees are allowed 80 hours of time off in lieu of holidays per year. Any holidays that have transpired prior to separation, but have not been taken as time off, are compensated.

G. Long-Term Debt *See Note 5, Debt Service Requirements.*

H. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by ordinance or resolution of the City Council. When expenditures that meet restrictions are incurred, the City of Blaine intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of the following:

1. Of the total ending reserved fund balance in the General Fund, \$990,352 is reserved for future equipment purchases per City Ordinance No. 95-2219.
2. Of the total ending reserved fund balance in the Traffic and Park Impact Reserve funds, all of the fund balances, Traffic-\$62,917 and Park-\$31,643, are restricted as these funds can only be used for the construction of public facilities as identified in the City’s capital facilities plan.
3. Of the total ending reserved fund balance in the Hotel/Motel Fund, all of the fund balance of \$224,396 is restricted as these funds can only be used for paying tourism promotion and for the acquisition and/or operation of tourism-related facilities. All of the revenue in this fund comes from the Hotel/Motel tax. (Chapter 67.28 RCW)
4. Of the total ending reserved fund balance in the Electric Fund, \$12,323 is restricted to use for Community Utility Assistance, \$421,000 is restricted as guaranty for the 2004 Electric Refunding Bonds, and \$4,640 is restricted for customer deposits.
5. Of the total ending reserved fund balance in the Water Fund, \$53,000 is restricted as guaranty for the 2003 Water/Sewer Refunding Bonds, and \$15,171 is restricted for customer deposits.

6. Of the total ending reserved fund balance in the Waste Water Fund, \$53,000 is restricted as guaranty for the 2003 Water/Sewer Refunding Bonds and \$1,147,291 is restricted as guaranty for the 2010 United States Department of Agriculture (USDA) Rural Development Water/Sewer Revenue Bonds.

Note 2 – Deposits and Investments

It is the City of Blaine's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the City of Blaine or its agent in the government's name.

Investments are presented at cost.

Investments by type at December 31, 2017 are as follows:

| Type of Investment | City's own investments | Investments held by City as an agent for other local governments, individuals or private organizations | Total |
|----------------------------|------------------------|--|--------------|
| L.G.I.P. | \$5,350,546 | \$46,759 | \$5,397,305 |
| U.S. Government Securities | 10,050,170 | 87,830 | 10,138,000 |
| Certificates of Deposit | 224,042 | 1,958 | 226,000 |
| Other | 0 | 0 | 0 |
| Total | \$15,624,758 | \$136,547 | \$15,761,305 |

Note 3 - Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed after the end of each month.

Property tax revenues are recognized when cash is received by the City. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The City of Blaine's regular levy for the year 2017 was \$1.34 per \$1,000 on an assessed valuation of \$829,274,488 for a total regular levy of \$1,107,811.

The City also levied \$0.17 per \$1,000 on assessed valuation of \$821,215,100 for the 2002 General Obligation Fire Station Bond for a total excess levy of \$135,860.

Note 4 - Interfund Loans

The following table displays interfund loan activity during 2017:

| Borrowing Fund | Lending Fund | Balance 1/1/17 | New Loans | Repayments | Balance 12/31/17 |
|----------------|---------------|-------------------|-----------|---------------|-------------------|
| General Fund | Water | \$ 134,494 | - | 10,000 | \$ 124,494 |
| | Totals | \$ 134,494 | - | 10,000 | \$ 124,494 |

Note 5 – Debt Service Requirements

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City of Blaine and summarizes the City's debt transactions for year ended December 31, 2017.

The debt service requirements for general obligation bonds, revenue bonds, and other debt, are as follows:

| | Principal | Interest | Total |
|---------------|----------------------|---------------------|----------------------|
| 2018 | 1,872,081 | 453,444 | 2,325,525 |
| 2019 | 1,872,340 | 426,679 | 2,299,019 |
| 2020 | 1,865,502 | 400,086 | 2,265,588 |
| 2021 | 2,549,025 | 373,973 | 2,922,998 |
| 2022 | 1,542,255 | 322,103 | 1,864,358 |
| 2023-2027 | 7,287,076 | 1,369,882 | 8,656,958 |
| 2028-2032 | 1,869,196 | 1,030,440 | 2,899,636 |
| 2033-2037 | 993,693 | 838,175 | 1,831,867 |
| 2038-2042 | 1,101,137 | 628,908 | 1,730,045 |
| 2043-2047 | 1,353,487 | 376,558 | 1,730,045 |
| 2048-2052 | 952,577 | 81,230 | 1,033,807 |
| Totals | \$ 23,258,368 | \$ 6,301,478 | \$ 29,559,846 |

Note 6 - Pension Plans

Substantially all of the City's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under the cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans, specifically, Public Employees' Retirement System (PERS) and Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF).

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial (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
PO Box 48380

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

At June 30, 2017 (the measurement date of the plans), the City of Blaine's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

| | Employer Contributions | Allocation % | Liability (Asset) |
|-------------|---------------------------|-----------------|-------------------|
| PERS 1 | \$ 34,018 | 0.005655% | \$ 268,334 |
| PERS 1 UAAL | 147,365 | 0.024499% | 1,162,497 |
| PERS 2/3 | 192,471 | 0.031512% | 1,094,891 |
| LEOFF 1 | 0 | 0.005476% | (83,083) |
| LEOFF 2 | \$ 41,544 | 0.026298% | (364,931) |

LEOFF Plan 1

The City of Blaine participates in LEOFF Plan 1. The LEOFF Plan 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. Starting on July 1, 2000, employers and employees contribute zero percent.

LEOFF Plan 2

The City of Blaine also participates in LEOFF Plan 2. 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 is not mandated by the state constitution and could be changed by statute.

Note 7 – Risk Management

The City of Blaine is a member of the Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1988 when 34 cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 1, 2017, there are 201 members in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: property, including automobile comprehensive and collision; equipment breakdown; crime protection; and liability, including general, automobile and wrongful acts, is

included to fit members' various needs.

The program acquires liability insurance through their Administrator, Clear Risk Solutions, which is subject to a per-occurrence self-insured retention (SIR) of \$100,000, with the exception of Wrongful Acts and Law Enforcement Liability, which have a self-insured retention of \$25,000. The standard member deductible is \$1,000 for each claim (deductible may vary per member), while the program is responsible for the \$100,000 self-insured retention. Insurance carriers cover insured losses over \$101,000 to the limits of each policy. Since the program is a cooperative program, there is a joint liability among the participating members toward the sharing of the \$100,000 of the self-insured retention. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$1,784,067.

Property insurance is subject to a per-occurrence self-insured retention of \$25,000. Members are responsible for a \$1,000 deductible for each claim. The program bears the \$25,000 self-insured retention in addition to the deductible.

Privacy and network liability coverage is offered with a \$10,000 member deductible and \$40,000 self-insured retention for systems using encryption and \$50,000 member deductible and \$50,000 self-insured retention for those without encryption.

Equipment breakdown insurance is subject to a per-occurrence deductible of \$2,500, which may vary per member, with the exception of pumps & motors, which is \$10,000. Members are responsible for the deductible amount of each claim. There is no program self-insured retention on this coverage, with the exception of pumps & motors which is \$15,000 and is covered by the CIAW.

Members contract to remain in the program for a minimum of one year, and must give notice before December 1, to terminate participation the following December 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program.

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, claims adjustment, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ending December 1, 2016, were \$1,501,903.83.

Note 8 – Health & Welfare

The City of Blaine 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, 2017, 261 cities/towns/non-city entities participate in the AWC Trust HCP.

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

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2017, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC 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.

Note 9 – Other Disclosures

OPEB (Other Post-Employment Benefits)

The City of Blaine has a commitment to pay for post-employment benefits for employees that belong to the LEOFF 1 (Law Enforcement Officers' and Fire Fighters' Retirement System). These benefits include medical, vision, and nursing care. The City had three retirees that received benefits during the year and \$22,362 was paid out for those benefits during 2017.

CITY OF BLAINE
NOTES TO FINANCIAL STATEMENTS
JANUARY 1, 2016 THROUGH DECEMBER 31, 2016

Note 1 - Summary of Significant Accounting Policies

The City of Blaine was incorporated in 1890 and operates under the laws of the state of Washington applicable to a non-charter code City with a council-manager form of government. The City of Blaine is a general purpose government and provides general administration, public safety, planning and zoning, permits and inspections, streets, parks, cemetery, tourist information, and public works administration. In addition, the City of Blaine owns and operates an electrical service, water system, wastewater system, and storm drainage system.

The City of Blaine reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined by GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not present using the classifications defined in GAAP.

A. **Fund Accounting**

Financial transactions of the City of Blaine are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The City of Blaine's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following are the fund types used by the City of Blaine:

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

This fund is the primary operating fund of the City of Blaine. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the City of Blaine.

Debt Service Funds

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

Permanent Funds

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

PROPRIETARY FUND TYPES:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

Internal Service Funds

These funds account for operations that provide goods or services to other departments or funds of the City of Blaine on a cost reimbursement basis.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the City of Blaine in a trustee capacity or as an agent on behalf of others.

Private-Purpose Trust Funds

These funds report all trust arrangements under which principal and income benefit individuals, private organizations or other governments.

Agency Funds

These funds are used to account assets that City of Blaine holds on behalf of others in a custodial capacity.

B. Basis of Accounting

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

In accordance with state law the City of Blaine also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Budgets

The City of Blaine adopts annual appropriated budgets for the general fund, special revenue funds, capital funds, enterprise funds, and internal service funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

| Fund | Final Appropriated Amounts | Actual Expenditures | Variance |
|---|---------------------------------------|--------------------------------|-----------------|
| General | \$6,420,746 | 5,522,795 | \$897,951 |
| Street Operations | 595,546 | 543,553 | 51,993 |
| Traffic Impact Reserve | 60,900 | - | 60,900 |
| Park Impact Reserve | 30,636 | 30,636 | - |
| Park | 132,900 | 116,012 | 16,888 |
| Cemetery | 24,100 | 22,528 | 1,572 |
| General Fund Reserve | 900,000 | - | 900,000 |
| Equipment Reserve | 869,994 | - | 869,994 |
| Hotel/Motel Fund | 201,091 | 170,973 | 30,118 |
| LTGO Bonds | 118,800 | 117,505 | 1,295 |
| Whatcom EDI Loan | 76,008 | 50,868 | 25,140 |
| Qualified Energy Conservation Bonds | 188,047 | 188,047 | (0) |
| 2002 UTGO Fire Station Bond | 176,873 | 131,373 | 45,500 |
| LTGO 2007 Refunding | 649,300 | 619,100 | 30,200 |
| CERB Loan-Odell RD | 32,505 | 23,455 | 9,050 |
| Municipal Capital Improvement | 206,827 | 50,868 | 155,959 |
| General Government Capital Improvement | 37,000 | 30,390 | 6,610 |
| Capital Facilities | 292,971 | 215,000 | 77,971 |
| Park Capital Improvement | 147,000 | 82,847 | 64,153 |
| Transportation Capital Improvement | 2,308,101 | 1,430,854 | 877,247 |
| Electric | 9,135,720 | 5,998,078 | 3,137,642 |
| Rural Economic Development | 677,000 | 136,000 | 541,000 |
| Water | 4,623,676 | 1,866,705 | 2,756,971 |
| Wastewater | 6,621,550 | 4,070,325 | 2,551,225 |
| Stormwater | 813,940 | 410,918 | 403,022 |
| Public Works Administration | 784,410 | 774,174 | 10,236 |
| Advance Travel | 6,000 | 5,342 | 658 |

Budgeted amounts are authorized to be transferred between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City of Blaine's legislative body.

D. Cash and Investments

See Note 2, *Deposits and Investments*

E. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of three (3) years. The capital assets of the City of Blaine are recorded as expenditures when purchased.

F. Compensated Absences

Vacation leave for the majority of employees may be accumulated up to 280 hours, but only 240 hours are payable upon separation or retirement. Select employees under individual contract may accumulate vacation leave with no limit. Only 240 hours are payable upon separation or retirement for individual contract employees under a PERS 1 retirement plan. Unlimited hours are payable upon separation or retirement for individual contract employees under a PERS 2 or 3 retirement plan. Sick leave for the majority of employees may be accumulated up to 1200 or 1500 hours, depending on the collective bargaining agreement. Upon separation or retirement, most employees meeting certain qualifications receive payment for unused sick leave in the amount of 10% of their accumulated sick bank. Select employees under individual contract may accumulate sick leave with no limit, subject to the provisions of their contract with regard to sick leave converted to a VEBA plan. Hours worked as overtime, but banked as “comp” time, may be accumulated up to a maximum of 40 hours and are payable upon separation or retirement. Uniformed employees are allowed 80 hours of time off in lieu of holidays per year. Any holidays that have transpired prior to separation, but have not been taken as time off, are compensated.

G. Long-Term Debt *See note 5, Debt Service Requirements.*

H. Risk Management

The City of Blaine is a member of the Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The pool was formed on September 1, 1988 when 34 cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 1, 2016, there are 205 members in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property, including automobile comprehensive and collision, equipment breakdown and crime protection, and liability, including general, automobile and wrongful acts, is included to fit members’ various needs.

The program acquires liability insurance through their Administrator, Clear Risk Solutions, which is subject to a per-occurrence self-insured retention of \$100,000, with

the exception of Wrongful Acts and Law Enforcement Liability, which have a self-insured retention of \$25,000. The standard member deductible is \$1,000 for each claim (deductible may vary per member), while the program is responsible for the \$100,000 self-insured retention. Insurance carriers cover insured losses over \$101,000 to the limits of each policy. Since the program is a cooperative program, there is a joint liability among the participating members toward the sharing of the \$100,000 of the self-insured retention. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$1,718,302.

Property insurance is subject to a per-occurrence self-insured retention of \$25,000. Members are responsible for a \$1,000 deductible for each claim. The program bears the \$25,000 self-insured retention in addition to the deductible.

Equipment breakdown insurance is subject to a per-occurrence deductible of \$2,500, which may vary per member, with the exception of Pumps & Motors, which is \$10,000. Members are responsible for the deductible amount of each claim. There is no program self-insured retention on this coverage, with the exception of Pumps & Motors which is \$15,000 and is covered by the CIAW.

Members contract to remain in the program for a minimum of one year, and must give notice before December 1, to terminate participation the following December 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program.

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, claims adjustment, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ending December 1, 2016, were \$1,484,482.16

The City of Blaine 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, 2016, 258 cities/towns/non-city entities participate in the AWC Trust HCP.

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

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2016, the AWC Trust HCP purchased 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.

I. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by ordinance or resolution of the City Council. When expenditures that meet restrictions are incurred, the City of Blaine intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of the following:

1. Of the total ending reserved fund balance in the General Fund, \$906,572 is reserved for future equipment purchases per City Ordinance No. 95-2219.
2. Of the total ending reserved fund balance in the Traffic and Park Impact Reserve funds, all of the fund balances, Traffic-\$102,702 and Park-\$27,131, are restricted as these funds can only be used for the construction of public facilities as identified in the City's capital facilities plan.
3. Of the total ending reserved fund balance in the Hotel/Motel Fund, all of the fund balance of \$159,221 is restricted as these funds can only be used for paying tourism promotion and for the acquisition and/or operation of tourism-related facilities. All of the revenue in this fund comes from the Hotel/Motel tax. (Chapter 67.28 RCW)
4. Of the total ending reserved fund balance in the Electric Fund, \$12,975 is restricted to use for Community Utility Assistance, \$421,000 is restricted as guaranty for the 2004 Electric Refunding Bonds, and \$6,689 is restricted for customer deposits.
5. Of the total ending reserved fund balance in the Water Fund, \$53,000 is restricted as guaranty for the 2003 Water/Sewer Refunding Bonds, and \$14,829 is restricted for customer deposits.
6. Of the total ending reserved fund balance in the Waste Water Fund, \$53,000 is restricted as guaranty for the 2003 Water/Sewer Refunding Bonds and \$990,187 is restricted as guaranty for the 2010 United States Department of Agriculture (USDA) Rural Development Water/Sewer Revenue Bonds.

Note 2 – Deposits and Investments

It is the City of Blaine's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the City of Blaine or its agent in the government's name.

Investments are presented at cost.

Investments by type at December 31, 2016 are as follows:

| Type of Investment | City's own investments | Investments held by City as an agent for other local governments, individuals or private organizations | Total |
|----------------------------|------------------------|--|--------------|
| L.G.I.P. | \$7,243,916 | \$63,218 | \$7,307,134 |
| U.S. Government Securities | 7,005,859 | 61,141 | 7,067,000 |
| Certificates of Deposit | 273,612 | 2,388 | 276,000 |
| Other | 0 | 0 | 0 |
| Total | \$14,523,387 | \$126,747 | \$14,650,134 |

Note 3 - Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed after the end of each month.

Property tax revenues are recognized when cash is received by the City. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The City of Blaine's regular levy for the year 2016 was \$1.38 per \$1,000 on an assessed valuation of \$790,166,213 for a total regular levy of \$1,089,800.71.

The City also levied \$0.17 per \$1,000 on assessed valuation of \$783,723,811 for the 2002 General Obligation Fire Station Bond for a total excess levy of \$131,372.92.

Note 4 - Interfund Loans

The following table displays interfund loan activity during 2016:

| Borrowing Fund | Lending Fund | Balance 1/1/16 | New Loans | Repayments | Balance 12/31/16 |
|----------------|--------------|-------------------|-----------|---------------|-------------------|
| Airport | General Fund | \$ 253,274 | - | 10,000 | \$ 243,274 |
| General Fund | Water | \$ 139,494 | - | 5,000 | \$ 134,494 |
| Totals | | \$ 392,768 | - | 15,000 | \$ 377,768 |

Note 5 – Debt Service Requirements

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City of Blaine and summarizes the City's debt transactions for year ended December 31, 2016.

The debt service requirements for general obligation bonds, revenue bonds, and other debt, are as follows:

| | Principal | Interest | Total |
|-----------|------------------|-----------------|---------------|
| 2017 | 2,816,040 | 508,482 | 3,324,522 |
| 2018 | 2,066,170 | 452,773 | 2,518,943 |
| 2019 | 2,070,216 | 423,760 | 2,493,976 |
| 2020 | 1,766,449 | 394,896 | 2,161,345 |
| 2021 | 2,540,114 | 371,675 | 2,911,789 |
| 2022-2026 | 7,570,765 | 1,442,298 | 9,013,063 |
| 2027-2031 | 2,942,398 | 1,080,860 | 4,023,258 |
| 2032-2036 | 1,006,722 | 876,527 | 1,883,248 |
| 2037-2041 | 1,056,627 | 673,418 | 1,730,045 |
| 2042-2046 | 1,298,761 | 431,284 | 1,730,045 |
| 2047-2051 | 1,246,068 | 133,748 | 1,379,816 |
| Totals | \$ 26,380,330 | \$ 6,789,721 | \$ 33,170,050 |

Note 6 - Pension Plans

Substantially all of the City's full-time and qualifying part-time employees participate in following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under the cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans, specifically, Public Employees' Retirement System (PERS) and Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF).

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publically available comprehensive annual financial (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
PO Box 48380
Olympia, WA 98504-8380

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

At June 30, 2016 (the measurement date of the plans), the City of Blaine's proportionate share of

the collective net pension liabilities, as reported on the Schedule 09, was as follows:

| | Allocation % | Liability (Asset) |
|-------------|-----------------|-------------------|
| PERS 1 | 0.005729% | \$ 307,674 |
| PERS 1 UAAL | 0.024640% | 1,323,284 |
| PERS 2/3 | 0.031513% | 1,586,655 |
| LEOFF 1 | 0.005399% | (55,625) |
| LEOFF 2 | 0.026631% | (154,894) |
| | | |

LEOFF Plan 1

The City of Blaine participates in LEOFF Plan 1. The LEOFF Plan 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. Starting on July 1, 2000, employers and employees contribute zero percent.

LEOFF Plan 2

The City of Blaine also participates in LEOFF Plan 2. 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 is not mandated by the state constitution and could be changed by statute.

Note 7 - Other Disclosures

OPEB (Other Post Employment Benefits)

The City of Blaine has a commitment to pay for post employment benefits for employees that belong to the LEOFF 1 (Law Enforcement Officers' and Fire Fighters' Retirement System). These benefits include medical, vision, and nursing care. The City has three retirees that received benefits during the year and \$23,861 was paid out for those benefits during 2016.

**City of Blaine
Schedule of Liabilities
For the Year Ended December 31, 2017**

| ID. No. | Description | Due Date | Beginning Balance | Additions | Reductions | Ending Balance |
|--|--|-----------------|--------------------------|------------------|-------------------|-----------------------|
| General Obligation Debt/Liabilities | | | | | | |
| 251.12 | UTGO Refunding 2012 (UTGO 2002 Fire Station) | 12/1/2021 | 649,396 | - | 117,353 | 532,044 |
| 263.83 | Community Economic Revitalization Loan (O'Dell Street 2000) | 1/31/2019 | 131,526 | - | 21,921 | 109,605 |
| 251.11 | LTGO Bond 2003 | 12/1/2018 | 42,208 | - | 21,584 | 20,624 |
| 251.11 | LTGO Bond 2007 | 12/1/2017 | 605,000 | - | 605,000 | - |
| 251.11 | LTGO Bond 2007 (Proprietary-Stormwater) | 12/1/2017 | 60,000 | - | 60,000 | - |
| 251.11 | LTGO Bond 2012 (Banner Bank Building) | 12/1/2021 | 1,052,316 | - | 60,151 | 992,165 |
| 251.11 | LTGO Bond 2013 (Qualified Energy Conservation Bond) | 10/15/2028 | 1,389,313 | - | 99,314 | 1,289,999 |
| 263.96 | LOCAL Program (Police Vehicles) | 6/1/2021 | - | 112,455 | 19,796 | 92,659 |
| Total General Obligation Debt/Liabilities: | | | 3,929,759 | 112,455 | 1,005,119 | 3,037,095 |
| Revenue and Other (non G.O.) Debt/Liabilities | | | | | | |
| 259.12 | Compensated Absences (G.O. Liability) | | 309,819 | - | 3,532 | 306,287 |
| 259.12 | Electric Compensated Absences (Revenue Liability) | | 38,839 | 2,445 | - | 41,284 |
| 259.12 | Water Compensated Absences (Revenue Liability) | | 32,643 | - | 5,414 | 27,229 |
| 259.12 | Wastewater Compensated Absences (Revenue Liability) | | 35,137 | 438 | - | 35,575 |
| 259.12 | Stormwater Compensated Absences (Revenue Liability) | | 7,653 | - | 110 | 7,543 |
| 259.12 | Public Works Administration Compensated Absences (Revenue Liability) | | 75,130 | - | 8,293 | 66,837 |
| 263.86 | Whatcom County Economic Development Initiative Loan 2006 | 3/28/2026 | 469,111 | - | 43,831 | 425,280 |
| 252.11 | Electric Revenue Refunding 2014 | 12/1/2019 | 952,759 | - | 313,321 | 639,438 |
| 263.88 | Public Works Trust Fund Loan 97001 1997 | 7/1/2017 | 22,281 | - | 22,281 | 0 |
| 263.88 | Public Works Trust Fund Loan 97002 1997 | 7/1/2017 | 82,523 | - | 82,524 | (0) |
| 263.88 | Public Works Trust Fund Loan 97016 1997 | 7/1/2017 | 6,258 | - | 6,258 | 0 |
| 263.88 | Public Works Trust Fund Loan 04133 2005 | 7/1/2024 | 426,901 | - | 53,363 | 373,538 |
| 263.88 | Public Works Trust Fund Loan 05005 2006 | 7/1/2025 | 1,333,227 | - | 148,242 | 1,184,986 |
| 263.88 | Public Works Trust Fund Loan 05005 2006 | 7/1/2025 | 83,263 | - | 9,146 | 74,117 |

**City of Blaine
Schedule of Liabilities
For the Year Ended December 31, 2017**

| ID. No. | Description | Due Date | Beginning Balance | Additions | Reductions | Ending Balance |
|--|--|-----------------|--------------------------|------------------|-------------------|-----------------------|
| 263.88 | Public Works Trust Fund Loan 06116 2006 | 7/1/2026 | 526,316 | - | 52,632 | 473,684 |
| 263.88 | Public Works Trust Fund Loan 07003 2008 | 7/1/2027 | 4,076,471 | - | 370,588 | 3,705,882 |
| 263.88 | Public Works Trust Fund Loan 08003 2008 | 7/1/2028 | 6,333,333 | - | 527,778 | 5,805,556 |
| 263.84 | Department of Ecology Revolving Loan 2009 | 7/20/2030 | 1,002,741 | - | 63,269 | 939,472 |
| 252.11 | USDA Rural Development 2010 | 10/28/2050 | 1,437,016 | - | 18,671 | 1,418,345 |
| 252.11 | USDA Rural Development 2010 | 10/28/2050 | 4,755,963 | - | 66,489 | 4,689,474 |
| 264.30 | Net Pension Liability (G.O. Liability) | | 1,994,920 | - | 403,715 | 1,591,205 |
| 264.30 | Net Pension Liability (Revenue Liability) | | 1,222,693 | - | 288,176 | 934,517 |
| 263.52 | Capital Lease (Vactor Truck-Kansas State Bank) | 3/20/2021 | - | 465,863 | 83,026 | 382,837 |
| Total Revenue and Other (non G.O.) Debt/Liabilities: | | | 25,224,998 | 468,746 | 2,570,658 | 23,123,086 |
| Assessment Debt/Liabilities (with commitments) | | | | | | |
| 253.63 | Public Works Trust Fund Loan 13006 2012 | 6/1/2032 | 413,770 | - | 25,861 | 387,910 |
| 253.63 | Department of Ecology Revolving Loan 2014 | 9/30/2036 | 414,218 | - | 6,383 | 407,835 |
| Total Assessment Debt/Liabilities (with commitments): | | | 827,988 | - | 32,243 | 795,745 |
| Total Liabilities: | | | 29,982,745 | 581,201 | 3,608,020 | 26,955,926 |

**City of Blaine
Schedule of Liabilities
For the Year Ended December 31, 2016**

| ID. No. | Description | Due Date | Beginning Balance | Additions | Reductions | Ending Balance |
|--|--|-----------------|--------------------------|------------------|-------------------|-----------------------|
| General Obligation Debt/Liabilities | | | | | | |
| 251.12 | UTGO Refunding 2012 (UTGO 2002 Fire Station) | 12/1/2021 | 759,134 | - | 109,738 | 649,396 |
| 263.83 | Community Economic Revitalization Loan (O'Dell Street 2000) | 1/31/2019 | 153,447 | - | 21,921 | 131,526 |
| 251.11 | LTGO Bond 2003 | 12/1/2018 | 62,833 | - | 20,625 | 42,208 |
| 263.85 | Whatcom County Economic Development Initiative Loan 2006 | 3/28/2026 | 512,295 | - | 43,184 | 469,111 |
| 251.11 | LTGO Bond 2007 | 12/1/2017 | 1,160,000 | - | 555,000 | 605,000 |
| 251.11 | LTGO Bond 2007 (Proprietary-Stormwater) | 12/1/2017 | 115,000 | - | 55,000 | 60,000 |
| 251.11 | LTGO Bond 2012 (Banner Bank Building) | 12/1/2021 | 1,110,559 | - | 58,243 | 1,052,316 |
| 251.11 | LTGO Bond 2013 (Qualified Energy Conservation Bond) | 10/15/2028 | 1,485,973 | - | 96,660 | 1,389,313 |
| Total General Obligation Debt/Liabilities: | | | 5,359,241 | - | 960,371 | 4,398,870 |
| Revenue and Other (non G.O.) Debt/Liabilities | | | | | | |
| 259.12 | Compensated Absences (G.O. Liability) | | 313,138 | - | 3,319 | 309,819 |
| 259.12 | Electric Compensated Absences (Revenue Liability) | | 50,979 | - | 12,140 | 38,839 |
| 259.12 | Water Compensated Absences (Revenue Liability) | | 24,455 | 8,188 | - | 32,643 |
| 259.12 | Wastewater Compensated Absences (Revenue Liability) | | 36,168 | - | 1,031 | 35,137 |
| 259.12 | Stormwater Compensated Absences (Revenue Liability) | | 7,916 | - | 263 | 7,653 |
| 259.12 | Public Works Administration Compensated Absences (Revenue Liability) | | 63,815 | 11,315 | - | 75,130 |
| 252.11 | Electric Revenue Refunding 2014 | 12/1/2019 | 1,421,039 | - | 468,280 | 952,759 |
| 263.88 | Public Works Trust Fund Loan 97001 1997 | 7/1/2017 | 44,562 | - | 22,281 | 22,281 |
| 263.88 | Public Works Trust Fund Loan 97002 1997 | 7/1/2017 | 165,047 | - | 82,524 | 82,523 |
| 263.88 | Public Works Trust Fund Loan 97016 1997 | 7/1/2017 | 12,516 | - | 6,258 | 6,258 |
| 263.88 | Public Works Trust Fund Loan 04133 2005 | 7/1/2024 | 480,263 | - | 53,363 | 426,901 |
| 263.88 | Public Works Trust Fund Loan 05005 2006 | 7/1/2025 | 1,482,415 | - | 149,188 | 1,333,227 |
| 263.88 | Public Works Trust Fund Loan 05005 2006 | 7/1/2025 | 91,463 | - | 8,200 | 83,263 |
| 263.88 | Public Works Trust Fund Loan 06116 2006 | 7/1/2026 | 578,947 | - | 52,632 | 526,316 |

**City of Blaine
Schedule of Liabilities
For the Year Ended December 31, 2016**

| ID. No. | Description | Due Date | Beginning Balance | Additions | Reductions | Ending Balance |
|--|---|-----------------|--------------------------|------------------|-------------------|-----------------------|
| 263.88 | Public Works Trust Fund Loan 07003 2008 | 7/1/2027 | 4,447,059 | - | 370,588 | 4,076,471 |
| 263.88 | Public Works Trust Fund Loan 08003 2008 | 7/1/2028 | 6,861,111 | - | 527,778 | 6,333,333 |
| 263.84 | Department of Ecology Revolving Loan 2009 | 7/20/2030 | 1,065,162 | - | 62,421 | 1,002,741 |
| 252.11 | USDA Rural Development 2010 | 10/28/2050 | 1,454,884 | - | 17,867 | 1,437,016 |
| 252.11 | USDA Rural Development 2010 | 10/28/2050 | 4,819,817 | - | 63,855 | 4,755,963 |
| 264.30 | Net Pension Liability (G.O. Liability) | | 1,671,162 | 323,758 | - | 1,994,920 |
| 264.30 | Net Pension Liability (Revenue Liability) | | 981,476 | 241,217 | - | 1,222,693 |
| Total Revenue and Other (non G.O.) Debt/Liabilities: | | | 26,073,396 | 584,478 | 1,901,987 | 24,755,887 |
| Assessment Debt/Liabilities (with commitments) | | | | | | |
| 253.63 | Public Works Trust Fund Loan 13006 2012 | 6/1/2032 | 424,157 | 14,945 | 25,332 | 413,770 |
| 253.63 | Department of Ecology Revolving Loan 2014 | 9/30/2036 | 405,281 | 8,937 | - | 414,218 |
| Total Assessment Debt/Liabilities (with commitments): | | | 829,438 | 23,882 | 25,332 | 827,988 |
| Total Liabilities: | | | 32,262,075 | 608,360 | 2,887,690 | 29,982,745 |

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

| Contact information for the State Auditor's Office | |
|--|--|
| Public Records requests | PublicRecords@sao.wa.gov |
| Main telephone | (360) 902-0370 |
| Toll-free Citizen Hotline | (866) 902-3900 |
| Website | www.sao.wa.gov |