

2024 Annual Comprehensive Financial Report



For the fiscal year ended
December 31, 2024

Annual Comprehensive Financial Report

For The Fiscal Year Ended December 31, 2024

Prepared by the Finance Division



**Port of Bellingham
Annual Comprehensive Financial Report
For the Fiscal Year Ended December 31, 2024**

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SECTION 1

INTRODUCTORY



PORT OF BELLINGHAM
Washington State



June 30, 2025

Commissioners, Port of Bellingham
Citizens of Whatcom County

The Annual Comprehensive Financial Report of the Port of Bellingham for the fiscal year ended December 31, 2024, is hereby submitted for your review. This report includes an overview of the Port, detailed financial information as presented in our year-end audited financial statements, and statistical data relevant to the Port's operations. This report has been prepared by the Port's Finance Department which is responsible for its accuracy and presentation. Management believes this report fairly presents the Port's financial position and contains all material disclosures regarding the financial condition necessary to gain a full and complete understanding of the financial affairs of the Port.

The Port is legally required to have its financial statements audited annually by an independent accountant. The Port Commission has engaged the State of Washington Auditors' Office to provide the financial audit on an annual basis. The opinion of the auditors is included in the financial section of this report. When completed, the report will be available on the Port's website at <http://www.portofbellingham.com>.

This letter of transmittal is designed to complement the management's discussion and analysis (MD&A), which presents a narrative introduction, overview and analysis of the financial statements. The accompanying report includes accounts of the primary government as well as its component unit. Component units are legally separate entities for which the primary government is financially accountable. The determination of "financial accountability" is based on criteria established in Governmental Accounting Standards Board Statement No. 14 as revised by Statement 39. The attached financial statements include the Industrial Development Corporation (IDC) of the Port of Bellingham as a significant component unit. The IDC is a public corporation authorized by state statute to facilitate the issuance of tax-exempt revenue bonds to finance industrial development within the corporate boundaries of the Port. The IDC is governed by the Port's three-member Commission.

PROFILE OF THE PORT

The Port of Bellingham is a special purpose municipal corporation organized under the State of Washington Port Laws R.C.W. Title 53 and is governed by a three-member elected Commission. The Port was created in 1920 by a vote of the people of Whatcom County to ensure public ownership of our waterfront and to promote economic development. The Port operates within the district boundaries of Whatcom County (Whatcom) between the major metropolitan areas of Seattle, Washington and Vancouver, British Columbia. The Port is a unique organization that

makes significant contributions to the local community by using combined expertise in both the business and government sectors. The majority of Port revenues are generated from operations including Aviation, Marinas, Marine Terminals, and Real Estate. The Port is custodian to approximately 1600 acres of land and 1,400,000 square feet of buildings including Blaine and Squalicum Marinas, Bellingham International Airport, Bellingham Cruise Terminal, Bellingham Shipping Terminal, Fairhaven Transportation Center, Fairhaven Marine Industrial Park (FMIP), Marine Drive Industrial Park, the Airport Industrial Park, and the Bellingham Waterfront.

The Port of Bellingham's mission is to fulfill the essential transportation and economic development needs of the region while providing leadership in maintaining Whatcom's overall economic vitality through expansion of comprehensive facilities, programs, and services.

ECONOMIC CONDITION

Local Economy

Information presented in the financial statements is best considered in the broader context of the economic environment in Whatcom County and the surrounding area. Whatcom County had an estimated population of 234,954 in 2024 ([US Census Bureau 2025](#)). From 2020 to 2024 Whatcom County has grown by 3.6%, which is higher than the state average of 3.3% ([US Census Bureau 2025](#)).

Unemployment rates have recovered substantially throughout Washington State since spring 2020. In fact, not only did they recover but also in 2023, Whatcom County saw some historic lows, including a low of 2.8% in June 2023. While some sectors continue to face significant labor shortages, unemployment rates in Whatcom County between July 2023 and February 2025 have ranged from a low of 3.8% to a high of 5.5% ([ESD 2025](#)). As of March 2025 Whatcom County unemployment was at 4.3% ([ESD Unemployment Rates by County](#)).

There are 107,702 workers in Whatcom County. Total non-farm employment is 95,900 as of February 2025 ([ESD Whatcom County Profile 2025](#)). According to the [Employment Security Department \(2025\)](#), the average annual wage in Whatcom County was \$61,929 in 2023, which is lower than the Washington State average for all industries of \$87,054 in the same year.

The local economy has diversified from its historic dependence on natural resource industries. Much of the growth is due to small business, local industry expansion, and some new business from outside of Whatcom County. The lifestyle experience is an additional benefit to retain businesses. The service-providing sectors of the economy account for 79,600 of 96,700 (82.3%) non-agricultural jobs in October 2024 ([ESD Labor Area Summaries 2025](#)). Manufacturing provided 9,000 jobs in October 2024 compared to 9,100 jobs in 2021. The three largest employers in the county are Peace Health St. Joseph Medical Center, Western Washington University, and the Lummi Nation ([WWU 2022](#)). The BP refinery and Haggen are two of the largest private companies, 700 and 715 employees. The BP refinery also creates another 557 jobs via its contracts.

Whatcom is influenced by the Canadian border. In the past a strong Canadian dollar, plus other cost differentials in goods, has benefited retail activity in the county. Due to the COVID-19 outbreak, the US-Canadian Border was closed to non-commercial activity from March 21, 2020 to November 8, 2021. This 19-month closure has hit border cities and communities in Whatcom

County hard. However, with the reopening many sectors that rely upon Canadians for consumption-based visits such as package parcels, milk, gas, and tourism are in recovery. The Canadian dollar slightly weakened compared to the U.S. dollar and is currently around \$0.72 US. Canadian manufacturers continue to show interest in expanding into the county to access US markets. While many businesses and border communities were previously showing signs of recovery, increased uncertainty regarding tariffs and concerns regarding the safety of passenger border crossings since January 2025 is already having negative impacts on retail, restaurants, and other Whatcom County businesses that are dependent upon Canadian clientele and sales.

Whatcom County has a well-educated workforce with 93.3% of people over 25 having graduated from high school (or the equivalent) and 37% have a Bachelor's Degree or higher ([Census Bureau 2025](#)). Western Washington University had a student population of 14,651 in 2024-25 ([WWU Quick Facts 2025](#)). WWU has received national recognition as one of the finest regional public universities. In addition, Whatcom Community College, Bellingham Technical College and Northwest Indian College, provide Whatcom County with a strong academic and vocational-technical base. Graduates of these institutions enhance the education and skill level of the area labor force. Meeting industry demand for skilled workforce is a high priority of area education institutions.

The Port actively participates in local economic development efforts. As a significant landowner with strong financial capabilities and patient capital the Port has been a principal driver in the growth of the local economy. The Port provides leadership in countywide economic development, financially contributes to local economic development agencies and is active at state, national, and international levels promoting the local community to economic constituents.

Long-Term Financial Planning

The measure of success for the Port of Bellingham is how effectively it serves the community through providing transportation services and facilities, promoting a sustainable economy, and undertaking successful custodial oversight of its assets and natural capital. On the resource side, the Port is different from other public agencies in that it does not rely solely on public funds, such as taxes, to fulfill a community purpose. The Port has access to limited public funds, but it also has the ability to engage directly in lines of business that earn financial returns. In this regard, the Port uses commercial means to accomplish public ends. The Port has established the following criteria to meet long-term financial goals in order to achieve its overall success in serving the community:

➤ Financial Standards

The Port Commission has adopted specific financial standards which guide the Port's Operations, including:

- The Port will prepare 1-year budgets and 5-year forecasts.
- The Port will fund operating activities and overhead from user fees and lease revenues.
- The Port will use tax levy for public purpose priorities and environmental programs.

- The Port will retain a cash balance reserve consisting of \$1 million for emergencies, 3 months of average operating expenses, and an amount equal to the legal bond debt reserve.
- The Port will utilize its tax levy only for public purposes with receipts over \$5 million allocated to the infrastructure redevelopment of the Bellingham Waterfront.

➤ **Financial Highlights**

- Operating revenues exceeded \$27.8 million for 2024, an slight decrease from 2023.
- Operating income before depreciation was negative \$2 million for 2024 which is approximately \$2.5 million lower than the 2023 equivalent income.
- The port has budgeted to spend about \$7.8 million, net of grants, in new capital projects in 2025.
- The 2025 budget includes the construction of a Customs & Border Patrol facility and the design of the runway rehabilitation project at the airport. The design of a major stormwater improvement project in Fairhaven is expected to begin, with construction in 2026. The Bellingham Shipping Terminal revitalization project is planned to continue into 2025, along with a portable barge ramp, power upgrades, and the design of a rail spur at the site. Continued planning of major life extension projects of the Squalicum Marina inner harbor, demolition of a dilapidated building, continued development of the waterfront area, as well as other various other capital maintenance projects are scheduled for 2025.

Lines of Business

▪ **Aviation**

The Port of Bellingham owns, manages, operates and maintains Bellingham International Airport (BLI), the third busiest commercial aviation facility (in terms of passenger enplanements) in the state of Washington. In 2024, BLI served nearly 550,000 enplaning and deplaning passengers and is classified by the Federal Aviation Administration as a non-hub commercial service and general aviation airport. Currently, the Airport has facilities for commercial passengers, air cargo, general aviation and maintenance on a site of approximately 1,200 acres. Airside facilities are served by Runway 16-34, a 6,701-foot precision-instrumented runway. In addition, the Airport provides a 16.5-hour air traffic control tower and weather service, hangars, domestic and international terminal for air carrier use and serves as an International Port of Entry with a U.S. Customs and Border Protection facility.

The general aviation center and fixed base operation facilities are available for a variety of corporate and general aviation users. The General Aviation Terminal is owned by the Port and leased to the fixed base operator ("FBO") and is equipped with a corporate meeting room and pilot lounge with a flight planning facility. General aviation facilities include one FBO, two aircraft maintenance facilities, 10 corporate hangars and seven T-hangar units (90 total hangars), as well as 69 aircraft tie-down spaces. A private company provides fixed based operating services including fueling. Aviation 100LL gasoline and Jet A fuel are both available at the Airport. The

existing fuel farm and self-serve tanks, owned by the Port and operated by the FBO, has storage capacity of 124,000 gallons.

Aviation revenues of nearly \$7 million in 2024 is a slight decrease from 2023 and accounted for just under 25% of total Port operating revenues for 2024.

- **Marinas**

As of December 2024, Squalicum Harbor was operating at an average of 98% occupancy for all slip sizes. Occupancy for this harbor's 1,386 wet moorage berths is expected to be at full capacity in the summer months, and has a waiting list for nearly all sizes of vessels. Blaine Harbor was at 95% occupancy at the end of 2024. Occupancy is also anticipated to increase in the summer months, and there is a small waiting list in Blaine for certain slip sizes. Marina revenues of \$10.6 million accounted for nearly 38% of total 2024 Port operating revenues.

- **Marine Terminals**

Although the shipping terminal has not seen the break-bulk shipping it had prior to 2001, it continues to remain available to handle bulk and break-bulk cargo, and has begun to see more activity in recent years. Currently, the shipping terminal's primary revenue source is from industrial lease tenants, as well as an increase in break-bulk cargo. The Port's passenger facilities are currently utilized by the Alaska Marine Highway System on a weekly schedule that primarily serves southeast Alaska. In addition, it serves as the homeport for seasonal daily passenger service to the San Juan Islands, multiple charter vessels and whale watching tour boats. The cargo and passenger terminal revenues of nearly \$3.3 million account for approximately 12% of total 2024 Port operating revenues. This is a decrease from 2023 due to the revitalization of the pier, limiting its use during construction.

- **Real Estate**

The Port continues to obtain approximately 98 percent occupancy of its real estate portfolio, which includes approximately 1.2 million square feet of office, commercial and industrial building space leased out to approximately 250 tenants. The Port's tenants lease space in Blaine and Squalicum Harbor areas, Bellingham International Airport, Fairhaven area, the Waterfront District, Marine Drive Industrial Park, and the Bellingham Shipping Terminal. Commercial real estate revenues of over \$6.7 million accounted for over 24% of total 2024 Port operating revenues.

- **Community Access**

The Port operates a number of public-use facilities including parks, boat launches, meeting areas, and extensive visitor facilities at the airport and marinas. The Port encourages public activity on Port properties and hosts numerous public events during the year including festivals, holiday events, arts and craft shows, and a variety of recreational activities.

Financial Management Information

- **Budgeting Controls**

Washington State Law, RCW 53.35.010 through 53.35.040, prescribes procedures for the preparation of annual budgets by port districts. In August each department director of the Port of Bellingham prepares a proposed budget to be reviewed with the Executive Director. The

preliminary budget is provided to the Port Commission for comments. Final budgets are adopted by the Commission in November for the following calendar year. The final budget document, that includes amounts to be raised by taxation, is filed with the County Treasurer on or before the first Monday in December.

Budgetary control is maintained at the department level. Monthly departmental financial statements are produced comparing actual results to budgeted figures. These statements are analyzed and distributed to the Port Commission, senior management and department heads. Adjustments to budgeted amounts are approved by the Port Commission in an action taken at an open public meeting.

▪ **Cash Management and Investments**

The Commission has appointed the Chief Financial Officer as Treasurer. Investments consist of government notes and participation in the State of Washington Local Government Investment Pool. All investments are highly liquid and are protected against loss through depository and liability restrictions governed by the Washington Public Deposit Protection Commission. December 31, 2024, the Port's cash and investment portfolio totaled \$64 million at market value. Approximately twenty percent (11%) of the invested cash was invested in U.S. Government Securities. The remainder was invested in short-term savings and the State's Local Government Investment Pool.

▪ **Environmental Matters**

In order to identify and minimize environmental liabilities associated with both Port and tenant operations, the Port administers an Environmental Compliance Assessment Program. The Program is designed to prevent the occurrence of environmental contamination on Port property through education, assessment, and remediation as necessary.

Typically, the environmental regulations that are most applicable to Port and tenant operations tend to be those that focus on the proper storage and handling of hazardous materials, permitted discharge of waste to both sanitary sewers and storm water systems, air permits, and remediation of soil and groundwater contamination from past practices. Although the Port's environmental program is designed to ensure compliance with these regulations, in all circumstances, formal regulatory oversight and enforcement is performed by state and federal agencies, including the Washington State Department of Ecology, the U.S. Environmental Protection Agency, and the U.S. Army Corps of Engineers.

▪ **Internal Controls**

In developing and evaluating the accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

- **Planning and Development**

The Port continues its planning and redevelopment effort of the Bellingham Waterfront District assets. The planning area includes over 200 acres which will be redeveloped for a variety of uses including a mixed use residential and commercial, marine trades and public access. Under the Restated and Amended Master Development Agreement with the Port, Harcourt Bellingham LLC (“Harcourt”) will continue to develop the properties already under its ownership, specifically the Granary Building and the three residential condominium buildings. In addition, Mercy Housing Northwest completed their project in early 2024 that provides approximately 80 units of affordable housing, and a seven-classroom early learning center; and the Boardmill Group continues to make progress on the design and permitting to convert the Boardmill Building and surrounding 3 acre site into a hotel, residential units, a parking garage, and open parks.

Additional redevelopment of the waterfront is expected to include promenades, public waterfront access, marine-related businesses, retail, offices, residences, light industry and marine trades. In the process, shoreline habitat is expected to be restored along Bellingham Bay. Redevelopment of the waterfront is anticipated to occur in a number of phases over approximately 30 years and the Port continues to support interim uses throughout the Downtown Waterfront including a bicycle pump track, container village, food trucks, installation of temporary restrooms and associated utilities. Planning for the next phase of the container village is underway, with 4-6 containers being added in 2025 and 2026.

In addition to redevelopment, the Port is also in the process of completing a number of environmental cleanup plans. The cleanup plans are subject to approval of the Washington State Department of Ecology. Significant cleanup projects started in 2024 include the Cornwall Avenue Landfill Site, Harris Avenue Shipyard, and the I&J Waterway Site.

For most of the waterfront site, the Port has obtained environmental cost cap and environmental liability insurance which provides the Port with relative assurance that its remedial efforts will not exceed the projected value of the land. The Port has also applied for grant funding for environmental cleanup from the Department of Ecology. In addition to state funding, the Port plans to issue a combination of general obligation and revenue bonds to fund this significant development. Over the development life of the project, revenues from the project are expected to support the debt obligations.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement

The Government Finance Officers' Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to the government entities which publish a report which is easily readable and efficiently organized and in which the contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

The Port of Bellingham has been awarded a Certificate of Achievement for Excellence in Financial Reporting for the years 1992–2023. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgment

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire Port staff. The Port realizes its strong financial controls only through the significant contributions of its entire administrative staff. Special recognition needs to be given to the Accounting Department staff for their responsibility in producing this document.

Finally, thanks to the Port Commissioners for their interest and support in planning and conducting the financial operations of the Port in a responsible and progressive manner.

Sincerely,

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

Tamara Sobjack, CPA
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Port of Bellingham
Washington**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

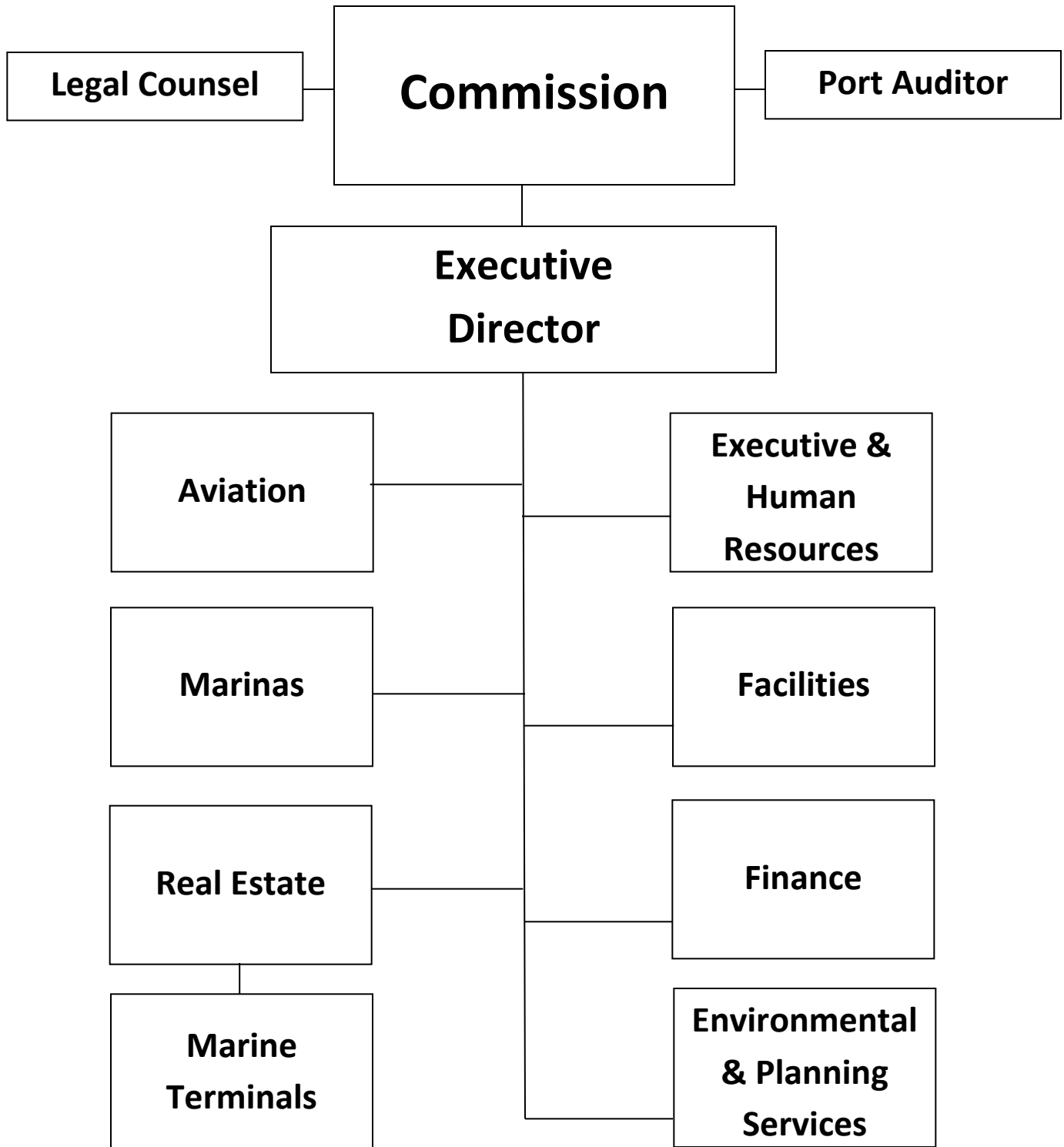
Christopher P. Morill

Executive Director/CEO

Port of Bellingham
List of Principal Officials
As of December 31, 2024

TITLE	NAME
Commissioner	Bobby Briscoe
Commissioner	Ken Bell
Commissioner	Michael Shepard
Legal Counsel	Chmelik Sitkin & Davis P.S.
Executive Director	Rob Fix
Port Auditor/CFO, Finance	Tamara Sobjack
Director, Aviation	Vacant
Director, Economic Development	Tyler Schroeder
Director, Environmental and Planning	Brian Gouran
Director, Human Resources	Reilly Wynn
Director, Maritime	Tiffany DeSimone
Director, Real Estate	Elliott Smith

ORGANIZATIONAL STRUCTURE



SECTION 2

FINANCIAL



PORT OF BELLINGHAM
Washington State



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

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

Board of Commissioners
Port of Bellingham
Bellingham, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of the Port of Bellingham as of and for the year then ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Port of Bellingham, as of December 31, 2024, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2024, the Port adopted new accounting guidance, Governmental Accounting Standards Board *Statement No. 101, Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for a reasonable period of time; and

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

In connection with the audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 30, 2025, on our consideration of the Port's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the Port's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with

Government Auditing Standards in considering the Port's internal control over financial reporting and compliance.

Sincerely,

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

Pat McCarthy, State Auditor

Olympia, WA

June 30, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This Document contains the Port of Bellingham's (the Port's) Management Discussion and Analysis (MD&A) of financial activities and performance for the fiscal year ended December 31, 2024. Information contained in this MD&A has been prepared by the Finance Department and should be considered in conjunction with the financial statements and notes.

The notes are essential to a full understanding of the data contained in the financial statements. This report also includes statistical and economic data, and required supplementary information.

Overview of the Financial Statements

The financial section of this annual report consists of three parts – MD&A, the basic financial statements, and the notes to the financial statements. The basic financial statements include: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

Analysis of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position is useful in understanding whether the Port's financial position has improved as a result of the year's activities. The Statement of Net Position presents information on all of the Port's assets and liabilities. The Port's total liabilities and deferred inflows subtracted from the Port's total assets and deferred outflows results in a calculation of the Port's net position. The growth or diminishment of the net position may serve as an indicator of whether the financial position of the Port is improving or deteriorating. The Statement of Revenues, Expenses and Changes in Net Position reflect how the operating and non-operating activities of the Port affected changes in the net position of the Port. These activities are recorded under the accrual basis of accounting reflecting the timing of the underlying event regardless of the timing of the related cash flows.

Although the financial statements provide useful information in assessing the financial health of the Port, consideration of other factors not shown on the financial reports should be evaluated to assess the Port's true financial condition. Factors such as changes in the Port's tax base and the condition of the Port's asset base are also important when assessing the overall financial condition of the Port.

Government entities typically account for activities by utilizing "fund" accounting. A fund is a grouping of related accounts that is used to maintain control or to restrict the use of resources that have been segregated for specific activities or objectives. The Port uses only one fund, a proprietary fund, which reports all business type activities of the Port.

The Port has also established the Industrial Development Corporation of the Port of Bellingham (IDC). The IDC is a wholly owned subsidiary corporation of the Port. The IDC is a public corporation authorized by State statute to facilitate the issuance of tax-exempt revenue bonds to finance industrial development within the corporate boundaries of the Port. The Industrial Development Corporation is governed by the Port of Bellingham's three-member Port Commission and the Port's Chief Financial Officer acts as Treasurer of the IDC Board.

Financial Analysis of the Port

Net Position

The assets and deferred outflows of the Port exceeded its liabilities and deferred inflows at December 31, 2024 by nearly \$287 million. Total assets of the Port at year-end were \$525 million, while total liabilities were \$160 million.

The Port's long-term debt outstanding was \$36.2 million, which is an increase from 2023 due to the issuance of general obligation debt, and scheduled debt payments. The Port's net investment in capital assets was \$311.8 million. Unrestricted net position was negative \$32.7 million, reflecting the full estimated liability for the environmental remediation work but not offset by the expected Department of Ecology MTCA grants. It is anticipated that in the future the Port will raise funds for this estimated future liability.

Statements of Net Position	2024	2023
Assets		
Current and other assets	176,800,917	183,669,026
Capital assets	348,570,611	330,841,103
Total assets	\$ 525,371,528	\$ 514,510,129
Deferred Outflows of Resources	\$ 3,522,325	\$ 2,513,844
Liabilities		
Current Liabilities	\$ 53,299,736	\$ 34,837,281
Non-current Liabilities	107,115,543	100,119,131
Total Liabilities	\$ 160,415,279	\$ 134,956,412
Deferred Inflows of Resources	\$ 81,520,168	\$ 83,141,655
Net Position:		
Net investment in capital assets	\$ 311,848,973	\$ 304,649,158
Restricted	7,864,202	7,552,414
Unrestricted	(32,754,769)	(13,275,666)
Total Net Position	\$ 286,958,406	\$ 298,925,906

Changes in Net Position

In 2024, Port operating revenues decreased under 1% from 2023 totaling just under \$27.9 million.

The Marinas and Real Estate divisions had modest increases, both approximately 4% over 2023 due to scheduled rate increases.

The airport served fewer number of passengers in 2024 as it did in 2023, due to the reduced number of flights in and out, and the revenues reflected this decreased activity by coming in approximately 2% lower than the previous year. Marine Terminals had a 17% decrease in revenues due to the rehabilitation project at the Bellingham Shipping Terminal.

Total operating expenses (before depreciation) totaled \$29.3 million, just under 10% above the prior year due to several factors including large maintenance projects and inflation. Depreciation and amortization expenses totaled \$15.6 million, which is just over 2023.

Overall, the financial position of the Port declined in 2024.

Statements of Revenues, Expenses and Changes in Net Position

	2024	2023
Operating Revenues:		
Airport operations	\$ 6,840,095	\$ 6,984,666
Marina operations	10,573,474	10,113,773
Marine terminal operations	3,271,032	3,964,753
Property lease operations	6,727,577	6,470,701
Other	457,150	469,608
Total Operating Revenues	\$ 27,869,328	\$ 28,003,501
Non-operating Revenues:		
Ad valorem tax revenues	\$ 7,958,400	\$ 7,971,300
Investment income	8,533,246	8,253,971
Environmental insurance claim revenue and adjustment	386,019	4,541,055
Environmental grant revenues	6,958,057	3,517,144
Other non-operating income	2,770,027	11,506,476
Total non-Operating Revenues	\$ 26,605,749	\$ 35,789,946
Total Revenues	\$ 54,475,077	\$ 63,793,447
Expenses:		
General operating expenses	\$ 21,763,532	\$ 20,291,831
Maintenance expenses	4,808,361	3,940,832
General and administrative expenses	2,759,826	2,501,726
Depreciation/Amortization expense	15,647,564	15,550,627
Non-operating expenses	32,990,959	9,361,036
Total Expenses	\$ 77,970,242	\$ 51,646,052
Increase (Decrease) in Net Position before Capital Contributions	\$ (23,495,165)	\$ 12,147,395
Capital Contributions	\$ 11,527,665	\$ 9,594,417
Change in Net Position	\$ (11,967,500)	\$ 21,741,812
Net Position - Beginning of Period	\$ 298,925,906	\$ 277,184,094
Net Position - End of Period	\$ 286,958,406	\$ 298,925,906

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2024, the Port had nearly \$349 million (net of accumulated depreciation) in capital and intangible assets. The Port's capital assets include land, buildings, improvements, machinery, equipment and construction in progress. Capital assets (net of accumulated depreciation) at December 31, 2023, totaled \$331 million. Capital assets, net of depreciation, increased in 2024 due to significant construction projects. See Notes 4 and 10. Capital projects which individually totaled spending in excess of \$500,000 during 2024 were:

• Upgrade Power at Bellingham Shipping Terminal	\$10,287,405
• Dredge near Bellingham Shipping Terminal	\$5,775,487
• Pier Pilings at Bellingham Cruise Terminal	\$3,409,426
• FMIP Stormwater, design & permit	\$3,028,977
• Squalicum Harbor Inner Harbor Upgrades	\$1,827,158
• MCI Pier Fender Piles	\$1,527,514
• Snow Removal Equipment Facility	\$1,210,546
• Taxiway Kilo	\$831,750
• ARFF Gear, De-icer truck	\$646,368

Over \$33 million was spent during 2024 on construction of capital assets. See note 4.

There are no restrictions, commitments, or other limitations that significantly affect the availability of fund resources for future use.

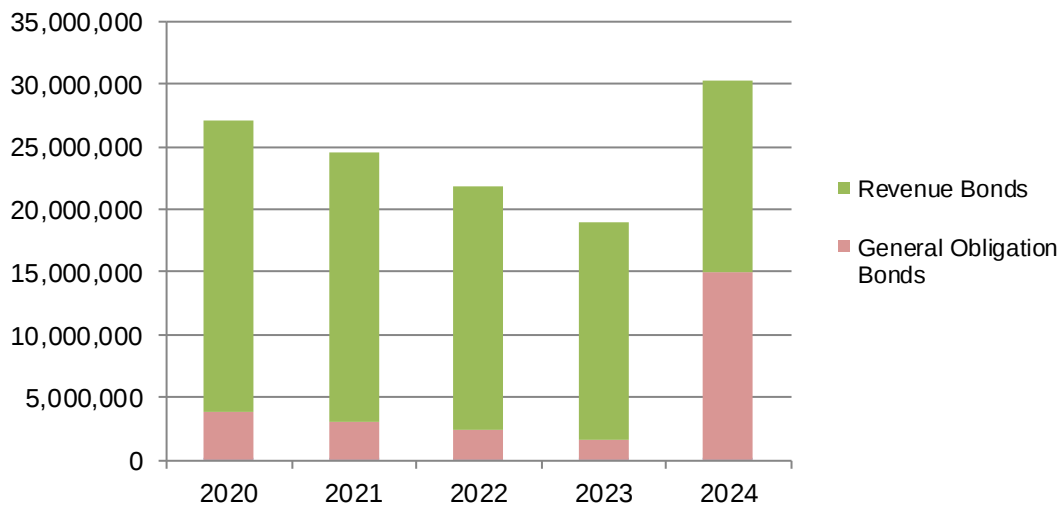
Debt Administration

At December 31, 2024, long-term debt obligations totaled \$137.5 million of which \$41.6 million is due within one year. The total bonded debt is comprised of \$15 million balance in general obligation debt, of which, \$14.425 was issued in 2024. In addition, the Port has \$18.8 million (net of premiums and discounts) representing bonds secured by revenue sources of the Port. The terms of the Port debt vary per issue with interest rates ranging from 1.35% to 7%. Revenue bond debt will be fully amortized by 2030 while currently outstanding General Obligation Bond debt will be fully amortized by the year 2038. Moody's Investor Services rates the Port's general obligation bonds as Aa2 and the Port's issued Revenue Bonds as A2. The remainder of the Port's debt is primarily pension liability and environmental remediation. See Note 8.

The Port through various contractual relationships has assumed contingent liability for environment cleanup of various properties acquired by the Port. Total environmental cleanup activities have been estimated as of December 31, 2024 at \$156.1 million. Per GASB 49, effective 2008, the Port expects to capitalize \$46.6 million of the environmental remediation efforts, leaving \$109.5 million as a liability. The Port has purchased insurance which is expected to fund over \$16.6 million of the liability and expects to receive grants from the State of Washington for approximately ½ of the liability costs. In addition to these funding sources, the Port continues to pursue environmental contributions payments from liable 3rd parties. See Note 13.

Outstanding Bonded Debt

Fiscal Year Ended	General Obligation Bonds	Revenue Bonds	Total Bonded Debt
2020	\$ 3,760,000	\$ 23,290,000	\$ 27,050,000
2021	\$ 3,060,000	\$ 21,410,000	\$ 24,470,000
2022	\$ 2,340,000	\$ 19,450,000	\$ 21,790,000
2023	\$ 1,595,000	\$ 17,400,000	\$ 18,995,000
2024	\$ 15,000,000	\$ 15,255,000	\$ 30,255,000



2025 Budget

The Port's 2025 budget anticipates Operating Revenues to increase from \$27.9 million in 2024 to over \$30.8 million in 2025. Operating expenses are budgeted at \$33.2 million, an increase of approximately \$3.3 million.

In 2025, \$20 million, less \$12.4 in anticipated grants, is forecasted for capital projects. This total includes capital improvements and purchases of nearly \$6 million at the airport, nearly \$4.5 million in real estate projects, over \$6 million at the marine terminals, , as well as various public access projects. Many of these projects are complex and are anticipated to occur over multiple years and are currently in various stages of planning, design, and permitting.

Property taxes for 2025 are levied at .1294 per 1,000 valuation rate, resulting in a total levy of just under \$8 million. \$848 thousand of this amount is levied for the General Obligation Fund. The levy rate for 2024 was .1309 for a levy amount of \$7.9 million.

The Port's budget is developed with consultation of much of the Port's management and through analysis of Port operations. However, all budgets inherently are forecasts and the actual results will likely vary from that provided for in the budget. Assumptions regarding interest rates, economic growth and natural disasters are among the many factors that may cause a significant variance of actual results to the budget.

Contacting the Port's Financial Management

The Port of Bellingham designed this financial report to provide our citizens, customers, investors and creditors with an overview of the Port's finances. If you have questions or need additional information please visit our website at www.portofbellingham.com or contact: Chief Financial Officer, 1801 Roeder Avenue, Bellingham, WA 98225-2257. Telephone 360-676-2500.

PORT OF BELLINGHAM
STATEMENT OF NET POSITION
December 31, 2024

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (Note 1)	\$ 56,580,730
Investments (Note 2)	2,969,838
Restricted current assets:	
Cash and cash equivalents (Note 1)	516,836
Taxes receivable	234,626
Due from other governments	4,138,302
Accounts receivable (net of allowance for uncollectible)	889,542
Current portion of lease receivable	4,623,242
Interest receivable	653,401
Notes receivable	222,631
Other receivables	3,320,391
Prepays	1,662,002

TOTAL CURRENT ASSETS	75,811,541
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NON-CURRENT ASSETS:

Investments (Note 2)	1,145,816
Capital assets not being depreciated (Note 4)	
Land	84,367,786
Construction in progress	51,461,259
Capital assets being depreciated (Note 4)	
Intangible assets (Note 4)	1,076,754
Machinery and Equipment	19,178,840
Buildings and Structures	200,281,048
Improvements other than buildings	244,199,541
Less: Accumulated depreciation	(251,994,617)
Other noncurrent assets	
Net Pension Asset	2,551,977
Lease Receivable (Note 16)	78,832,627
Joint Venture (Note 15)	208,388
Restricted noncurrent assets:	
Investments (Note 2)	2,770,568
Environmental Insurance	15,480,000

TOTAL NON-CURRENT ASSETS	449,559,987
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TOTAL ASSETS	\$ 525,371,528
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DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflow for pension (GASB 68) (Note 6)	3,522,325
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TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 3,522,325
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The notes to the financial statements are an integral part of this statement.

PORT OF BELLINGHAM
STATEMENT OF NET POSITION
December 31, 2024

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	\$ 3,988,561
Accrued expenses	3,029,249
Accrued interest payable	73,915
Other current payables	4,582,993
Current portion of long-term obligations (Note 8)	5,910,702
Current portion of environmental remediation	35,714,316
TOTAL CURRENT LIABILITIES	53,299,736

NON-CURRENT LIABILITIES:

Long-term debt	
General obligations bonds	13,792,377
Revenue bonds	16,139,714
Environmental remediation	73,824,634
Notes payable	1,797,019
Capital purchase agreement	394,479
Net pension liability	863,010
Compensated absences	304,310
TOTAL NON-CURRENT LIABILITIES	107,115,543

TOTAL LIABILITIES	\$ 160,415,279
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DEFERRED INFLOWS OF RESOURCES

Deferred Inflow for a service concession arrangement (Note 14)	2,442,645
Deferred Inflows for leases (GASB 87) (Note 16)	77,665,215
Deferred Inflows for pensions (GASB 68) (Note 6)	1,412,308

TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 81,520,168
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NET POSITION

Net investment in capital assets	311,848,973
Restricted for debt service	2,062,000
Restricted for blended component unit	52,693
Restricted for revolving loan program	464,143
Restricted for insurance reserve	708,568
Restricted for net pension asset	4,576,798
Unrestricted	(32,754,769)

TOTAL NET POSITION	\$ 286,958,406
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The notes to the financial statements are an integral part of this statement.

PORT OF BELLINGHAM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2024

OPERATING REVENUES:	
Airport operations	\$ 6,840,095
Marina operations	10,573,474
Marine terminal operations	3,271,032
Property lease operations	6,727,577
Other	457,150
Total Operating Revenues	27,869,328
OPERATING EXPENSES:	
General operations	21,763,532
Maintenance	4,808,361
General and administrative	2,759,826
Amortization of intangibles	551,228
Depreciation	15,096,336
Total Operating Expenses	44,979,283
OPERATING INCOME (LOSS)	(17,109,955)
NON-OPERATING REVENUES (EXPENSES):	
Environmental grant revenues	6,958,057
Other grant revenues	129,322
Investment income	8,533,246
Taxes levied for:	
General purposes	7,107,991
Debt service principal/interest	850,409
Miscellaneous taxes	71,169
Other revenues	2,955,555
Environmental remediation adjustment	(12,513,333)
Environmental remediation expense	(3,635,998)
Environmental insurance claims revenue	(296,369)
Gains (Losses) on Disposal of Assets	(1,516,590)
Interest expense	(975,585)
Environmental grant expense	(13,914,194)
Other grant expense	(138,890)
Total Non-Operating Revenues (Expenses)	(6,385,210)
Income (loss) before capital contributions	(23,495,165)
Capital Contributions	10,138,395
Capital Contributions - Contractually Restricted (Note 13)	1,389,270
Increase (Decrease) in Net Position	(11,967,500)
Net position - beginning of period	298,925,906
Net position - end of period	\$ 286,958,406

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

PORT OF BELLINGHAM
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 28,332,321
Payments to suppliers	(11,651,949)
Payments to employees	(10,300,572)

Net cash provided by operating activities	6,379,800
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CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Receipts from property taxes	6,883,175
Receipts from other taxes and financing fees	207,651
Receipts from non-operating grants	5,310,772
Payments for non-operating grants	(14,053,084)

Net cash provided (used) by non-capital financing activities	(1,651,486)
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CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES

Proceeds from capital debt	14,676,594
Principal paid on capital debt	(3,843,468)
Interest paid on capital debt	(1,223,141)
Cash received from property taxes for general obligation bonds	840,599
Purchases of capital assets	(37,268,833)
Capital contributions	10,283,924
Other receipts (payments)	(2,559,512)

Net cash provided (used) by capital and related financing activities	(19,093,837)
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CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sales and maturities of investments	8,000,000
Interest and dividends	3,828,237

Net cash provided by investing activities	11,828,237
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Net increase (decrease) in cash and cash equivalents	(2,537,286)
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Balances - beginning of the year	59,634,852
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Balances - end of the year	\$ 57,097,566
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The notes to the financial statements are an integral part of this statement.

PORT OF BELLINGHAM
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2024

**RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Net Operating Income (Loss)	\$ (17,109,955)
Depreciation	15,096,336
Change in assets and liabilities:	
(Incr)Decr in accounts receivable	589,396
(Incr)Decr in other current assets	3,931,848
(Incr)Decr in work for others	(124,833)
(Incr)Decr in customer deposits	(1,571)
Incr(Decr) in accounts payable	531,379
Incr(Decr) in other liabilities	2,090,758
Non Cash GASB 68 pension expense	1,376,441
Total Adjustments	<u>23,489,755</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 6,379,800

SCHEDULE OF NON-CASH ACTIVITIES

Change in Value of Intangible Assets, for amortization	(551,228)
Unrealized Gains or Losses	(143,315)
Environmental Claim adjustment	(12,548,296)
Disposals of Capital Assets	(14,813,543)
Change in Deferred Inflows for Pensions	(1,731,917)
Change in Deferred Inflows for Leases	862,192
Change in Pension Asset	(633,878)
TOTAL NON-CASH ACTIVITIES	\$ (29,559,985)

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Port of Bellingham (the Port) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Port's accounting policies are described below.

Reporting Entity

The Port is a municipal corporation organized under the Washington Port Laws (RCW Title 53). Created by a vote of the people of Whatcom County in 1920, the Port is authorized by statute of the State of Washington to provide for the development and maintenance of harbors and marine terminals, the development and maintenance of aviation facilities, to promote tourism, and to foster economic activity in Whatcom County. The Port may acquire land for sale or lease for industrial or commercial purposes and may create industrial development districts.

The Port is independent from other local or state governments and is administered by a three-member Port Commission elected by Whatcom County voters to four year terms operating within district boundaries. These legislative districts for the Port Commission previously matched those of the three Whatcom County Council districts. In 2016, the County changed to five legislative districts. In January, 2017, the Port Commission voted to reaffirm the same three voting boundaries as established before the County's change.

As required by GAAP, management has considered all potential component units in defining the reporting entity. These financial statements present the Port and its component unit. The component unit discussed below is included in the district's reporting entity because of the significance of its operational or financial relationship with the district.

The Industrial Development Corporation (IDC), a public corporation, is authorized to facilitate the issuance of tax-exempt non-recourse revenue bonds to finance industrial development within the corporate boundaries of the Port. Revenue bonds issued by the Corporation are payable from revenues derived as a result of the industrial development facilities funded by the revenue bonds. The bonds are not a liability or contingent liability of the Port or a lien on any of its properties or revenues other than industrial facilities for which they are issued.

The IDC is governed by a four-member Board of Directors, which is comprised of the same members as sit on the Port Commission and a staff member, Tamara Sobjack, appointed as Treasurer. The IDC is considered a blended component unit of the Port and is included within the Port's financial statements. Separate financial statements of the individual component unit discussed above can be obtained from the Port administrative offices at 1801 Roeder Avenue in Bellingham, WA.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In 2012, the Port was designated as Whatcom County's Associate Development Organization (ADO) as defined by RCW 43.330.110 to broadly represent the community interests in local economic development issues. At the time of this designation, an Economic Development Administration Revolving Loan Fund (RLF) was transferred to the Port. This fund is kept separate from the Port's general revenue funds and provides financing for economic development activities.

Basis of Presentation

The financial statements of the Port are prepared using the economic resources management focus and full-accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the cash flows. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with principal ongoing operations. The principal operating revenues of the Port are moorage, dockage, commercial leases, airline fees, and other revenues generated through the normal operations of the airport, marinas, marine terminals, and leasing of commercial properties. Operating expenses for the Port include the cost of sales and services, utilities, administrative expenses, depreciation on capital assets, etc. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budgetary Information**1. Scope of Budget**

An annual budget is adopted on the accrual basis of accounting. Debt service is budgeted at the level of the individual debt issue, and capital projects are budgeted in the year the expenditure is expected to be made.

Expenditures may not exceed adopted budgets at the division level and the budget constitutes a legal authority for the expenditures.

2. Amending the Budget

Any revisions that alter the total expenditures of the Port must be approved by the Port Commission. Also, any revisions to the capital budget that increase spending or add a project must be approved by the Port Commission.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Use of Estimates**

The preparation of the Port's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant Risks and Uncertainties

The Port is subject to certain business risks that could have a material impact on future operations and financial performance. These risks include economic conditions, collective bargaining disputes, security and natural disasters, as well as regulations and changes in law of federal, state and local governments.

Assets, Liabilities and Net Position**1. Cash and Cash Equivalents**

It is the Port's policy to invest all temporary cash surpluses. This amount is classified on the statement of net position as cash and cash equivalents. It is the Port's policy to consider all short-term investments with a maturity within 90 days or less at the date of purchase to be cash equivalents. Investments held in the Local Government Investment Pool totaling \$54,362,748 is reported at amortized cost and is included in Cash and Cash Equivalents.

2. Investments See Note 2.**3. Receivables**

General Obligation Taxes Receivable and General Taxes Receivable consist of property taxes and related interest and penalties (See Note 3). Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year. Accounts Receivable are recorded for amounts earned from contractual relationships. The allowance method is used to account for bad debt expense. The allowance for doubtful accounts was \$51,335 at December 31, 2024. Other Receivables consist of materials and services paid by the Port, which will be reimbursed by outside entities or insurance proceeds.

Notes Receivable consist of amounts owed from private companies for loans made from the U.S. Department of Commerce's Revolving Loan Fund program.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Amounts Due To and From Other Governments

These accounts include amounts due to or from other governments for grants, entitlements, and loans from other governmental entities.

5. Restricted Assets See Note 2.

In accordance with bond resolutions and certain related agreements, separate restricted funds are required to be established. The assets held in these funds are restricted for specific uses including construction, debt service, and other special reserve requirements. It is the Port's policy to consider restricted net position to have been depleted before the unrestricted net position is applied.

The restricted assets are composed of the following:

Cash and Cash Equivalents – Blended Component Unit, IDC	\$52,693
Cash and Cash Equivalents – Revolving Loan Fund	\$464,143
Investments – Insurance Reserve	\$708,568
Investments – Debt Service	\$2,062,000
Pension Asset	\$2,551,977

6. Capital Assets See Note 4.

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Costs for additions or improvements to capital assets are capitalized when the initial cost is more than \$10,000, they increase the effectiveness or efficiency of the asset, and the estimated useful life of the addition or repair is greater than one year. These assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

The costs for normal maintenance and repairs are not capitalized.

The Port has acquired certain assets with funding provided by federal financial assistance programs. Depending on the terms of the agreements involved, the federal government could retain an equity interest in these assets. However, the Port has sufficient legal interest to accomplish the purposes for which the assets were acquired, and has included such assets within the applicable account.

As of January 1, 2024, intangible assets totaled \$1,262,438. During 2024, the Port added \$365,544, and amortized \$551,228, leaving a balance of \$1,076,754 at the end of 2024. These capital assets lack physical substance but will benefit the Port more than one year. They include building designs, master plans, site plans, and condition surveys. The Port amortizes these assets from 3 to 15 years.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant, and equipment of the Port is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Automobiles	5
Buildings	10-40
Bulkheads	25-50
Communications Equipment	5
Computer Equipment	4
Other Equipment	5-20
Floats	10-30
Furniture	5-10
Lift Trucks	5-10
Lights	15
Roads and Roadways	15-20
Runways	15-30
Self-Propelled Vehicles	5-10
Software	4
Structures & Improvements	5-10
Telecommunications	5
Towed Vehicles	5-10
Trucks	5-10
Wharves	10-25
Water & Sewer Lines	25

7. Leases - (See Note 16, Leases)

Lessee: The Port is a lessee for noncancelable leases. These are comprised of leases of office equipment, and are trivial to the financial statements.

Lessor: The Port is a lessor for noncancelable leases. The Port recognized a lease receivable and a deferred inflow of resources in the government-wide financial statements.

8. Other Property and Investments See Note 2.

9. Deferred Outflows/Inflows of Resources

The Port reports deferred outflows and deferred inflows separately on the Statement of Net Position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Compensated Absences

In 2024, the Port implemented Governmental Accounting Standards Board (GASB) Statement 101, Compensated Absences. The Port accrues a liability for Paid Time Off (PTO) pay. All represented and non-represented staff may accumulate up to 520 hours of PTO. Employees with more than 10 years of service are permitted to move 50% of their accrued PTO over 240 hours into a pre-retirement bank. The pre-retirement bank will not exceed 519 hours and upon retirement, the employee is permitted to use the pre-retirement bank prior to their retirement date. If the employee separates for reasons other than retirement, the pre-retirement bank will be paid at the employee's current rate of pay. The Port accrues unpaid PTO leave benefits as earned. Accrued PTO benefit liability was \$1,616,962 at December 31, 2024.

11. Environmental Remediation Liabilities

The Port accrues future Environmental Remediation Costs that meet the required measurement criteria. These liabilities are shown on the Statement of Net Position. For some environmental cleanup sites the Port has purchased Environmental Cost Cap insurance coverage (See Note 13). Prepayments for remediation and estimated insurance reimbursement payments under these policies are shown as assets within the Statement of Net Position. The estimated cost of all environmental remediation is measured annually and adjustments made to the accrued liability.

12. Long Term Debt See Note 8.

13. Operating and Non-Operating Revenues

Marinas, Marine Terminals, Aviation and Commercial Real Estate revenues are charges for use of the Port's facilities and are reported as Operating Revenue. Ad valorem tax levy revenues and other revenues generated from non-operating sources are classified as Non-Operating Revenues.

Passenger Facility Charges (PFC) collected through commercial aviation activities are recorded as Capital Contributions in the Statement of Revenues, Expenses and Changes in Net Position and are restricted by agreement to the use as reimbursement for specific capital costs incurred at the airport.

Customer Facility Charges (CFC) are collected through the rental car agencies and are recorded as Capital Contributions in the Statement of Revenues, Expenses and Changes in Net Position and are restricted by an agreement between the Port and the rental car agencies.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Port receives federal and state grants for both capital reimbursement as well as operating grants for specific purposes. Non-Operating grants and related expenses are accounted for as Non-Operating Revenues and Expenses while capital grants are accounted for as Capital Contributions increasing the net position of the Port.

14. Pensions

For purposes of measuring the net pension liability, net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and addition to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of calculating the restricted net position related to the net pension asset, the Port includes the net pension asset and the related deferred outflows and deferred inflows.

15. Other Current Payables

These accounts consist of accrued wages, employee benefits, taxes, customer deposits, and retainage that has not been released.

16. New Accounting Standards**GASB 101**

The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The Port of Bellingham recognizes a liability for compensated absences attributable to services already rendered.

NOTE 2 – DEPOSITS AND INVESTMENTS**Deposits**

Cash on hand at December 31, 2024 was \$2,670 in petty cash and change funds. The carrying amount of the Port's deposits was \$56,578,060 and the bank balance was \$58,307,424.

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Port would not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Port's deposits are held at U.S. Bank. U.S. Bank is an approved public depository by the Washington Public Deposit Protection Commission. Public funds, deposits and investments and public depositories are outlined in Washington State Legislature RCW 39.58. U.S. Bankcorp was established in 1863, and has been a member of the FDIC since 1934, certificate number 6548.

Investments

The Port Commission has authorized the Port Treasurer to invest in savings or time deposits in designated public depositories or in certificates, notes, or bonds of the United States. The Port is also authorized to invest in other obligations of the United States or its agencies. The Port's investment policy allows for investments by the Port in Bankers' Acceptance, in debt obligations issued by the Federal National Mortgage Association, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal Farm Credit Banks and the Student Loan Marketing Association. The Port also has limited investment authority in Commercial Paper, Certificates of Deposit with qualified public depositories, obligations of Local and State governments that are either rated "A" or higher by a nationally recognized rating agency or insured as "AAA" credit. With the exceptions of certain reserve fund investments, the investment policy limits the maximum maturity of any security purchased to five years. Investments are purchased through broker relationships with all securities purchased held in the Port's name at U.S. Bank National Association.

Investments are carried at fair value. Interest income on investments is accrued as non-operating revenue as earned. Changes in the fair value of investments are determined on quoted market rates. Gains or losses due to market valuation changes are recognized in the same statements of revenues, expenses and changes in net position.

Unrestricted investments are classified as Current Assets on the accompanying financial statements. They are available for use in operations if needed and are not committed to be held to maturity.

Investments are subject to the following risks.

Interest Rate Risk –Investments

Interest rate risk is the risk that the Port may face should interest rate variances affect the fair value of investments. Through its investment policy, the Port manages its exposure to fair value losses arising from increasing interest rates by setting maturity and effective

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

duration limits for the Port’s investment portfolio. Securities within the portfolio are limited to maturity lengths of five years.

The tables below identify the type of investments and concentrations of investments in any one user as of December 31, 2024 and 2023.

Investment Type	Fair Value	Maturities (in years)			% of Total Portfolio
		Less than 1	1-3	More than 3	
2024					
Federal Agencies Securities:					
Federal Home Loan Bank	3,890,855	1,970,710	1,920,145		56.50%
Federal Home Loan Mortgage Corporation	2,995,367	999,128	1,996,239		43.50%
Total Investments	6,886,222	2,969,838	3,916,384	-	100%
Percentage of Total Portfolio	100%	43.13%	56.87%	0.00%	
2023					
Federal Agencies Securities:					
Federal Home Loan Bank	5,761,782	999,101	3,769,597	993,084	39.18%
Farmer Mac	995,881		995,881		6.77%
Federal Home Loan Mortgage Corporation	5,951,466		4,956,502	994,964	40.47%
Federal Farm Credit Bank	1,996,768			1,996,768	13.58%
Total Investments	14,705,897	999,101	9,721,980	3,984,816	100%
Percentage of Total Portfolio	100%	6.79%	66.11%	27.10%	

Credit Risk - Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Port does not have a formal policy that addresses credit risk.

At December 31, 2024, the Port’s investments had the following credit quality distribution for securities with credit exposure:

	AAA
	Aaa
US Agencies	\$ 6,886,222

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk - Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Port will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. By the Port's policy, all security transactions are settled "delivery versus payment". This means that payment is made simultaneously with the receipt of the security. These securities are delivered to the Port's US Bank safekeeping account.

Investment Type	Held by Counterparty
US Agencies	\$ 6,886,222

Investments in Local Government Investment Pool

The Port is a participant in the Local Government Investment Pool, authorized by Chapter 294, Laws of 1986, and managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually proposed changes are reviewed by the LGIP Advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASB 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, and online at <http://www.tre.wa.gov>.

Investments Measured at Fair Value

The Port of Bellingham measures and reports investments at fair value using the valuation input hierarchy established by generally accepted accounting principles, as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable;
- Level 3: Unobservable inputs for an asset or liability.

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

At December 31, 2024, the Port of Bellingham had the following investments measured at fair value:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments at fair value level	12/31/2024			
Federal Agency Obligations	\$ 6,886,222		\$ 6,886,222	
Total Investments measured at fair value	\$ 6,886,222	\$ -	\$ 6,886,222	\$ -
Total Investments in Statement of Net Position	\$ 6,886,222			

Other property and investments are shown on the statement of net position at cost, net of amortized premium or discount. Investments of deferred compensation are stated at fair value.

Investments authorized through bond debt agreements

Pursuant to revenue bond resolutions adopted by the Port Commission, various special purpose funds have been established to designate cash and investments for bond debt service. Bond covenants require a reserve account be created for the purpose of securing payment of the principal and interest. All revenue bonds outstanding are considered “parity” bonds with a reserve fund requirement equal to the highest annual debt service of each revenue bond issue or 125% of the highest average annual debt service of all revenue bond issues, whichever is lower. The Port has established a Revenue Bond Reserve fund to meet this debt requirement in the amount of \$2,062,000.

NOTE 3 – PROPERTY TAXES

The County Treasurer acts as an agent to collect property taxes levied on the county for all taxing authorities. Collections are distributed each month to the Port by the County Treasurer. Established by state constitution and laws, 1/6th of all real property is physically inspected and the whole county is statistically revalued.

Property taxes are recorded as a receivable when levied, and recognized as revenue in their entirety by the end of the year. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. (State law allows for the sale of property for failure to pay taxes).

NOTE 3 – PROPERTY TAXES (continued)

The Port is permitted by law to levy up to \$.45 per \$1,000 of assessed valuation for general governmental services. The rate is limited by the Washington State Constitution and Washington State law, RCW 84.55.010. The Port may levy taxes at a lower rate.

The Port's regular levy for 2024 was approximately \$.1159 per \$1000 on an assessed valuation of \$60,870,730,108 for a total regular levy of \$7,057,746.

In 2024, the Port levied an additional \$.012 per \$1000 for the repayment of General Obligation Bonds for a total additional levy of \$843,798.

NOTE 4 – CAPITAL ASSETS AND DEPRECIATION/AMORTIZATION

Capital asset activity for the year ended December 31, 2024 was as follows:

	Beginning Balance 01/01/2024	Increases	Decreases	Ending Balance 12/31/2024
Non-Depreciable Assets:				
Land	\$ 82,539,727	\$ 1,828,059		\$ 84,367,786
Construction in progress	42,643,179	33,157,265	(24,339,185)	51,461,259
Total Non-Depreciable Assets	125,182,906	34,985,324	(24,339,185)	135,829,045
Depreciable Assets:				
Buildings and Structures	191,029,846	11,343,575	(2,092,373)	200,281,048
Intangible Assets	1,262,438	365,544	-	1,627,982
Improvements/Infrastructure	242,979,922	11,299,059	(10,079,440)	244,199,541
Machinery and Equipment	19,744,880	1,239,345	(1,805,385)	19,178,840
Total Depreciable Assets	455,017,086	24,247,523	(13,977,198)	465,287,411
Less Accumulated Depreciation/Amortization for:				
Buildings and Structures	102,834,861	5,789,455	(1,595,951)	107,028,365
Intangible Assets		551,228	-	551,228
Improvements/Infrastructure	132,212,448	8,246,861	(9,095,161)	131,364,148
Machinery and Equipment	14,311,580	1,060,020	(1,769,495)	13,602,105
Total accumulated depreciation/amortization	249,358,889	15,647,564	(12,460,607)	252,545,846
Depreciable Assets Net	\$ 205,658,197	\$ 8,599,959	\$(1,516,591)	\$ 212,741,565

NOTE 4 – CAPITAL ASSETS AND DEPRECIATION/AMORTIZATION (continued)

Construction Commitments:

At year end, the Port's capital budget commitments were as follows:

Project	Spent to Date	Commitment	Budget
<i>Airport:</i>			
ARFF Truck	2,288	1,497,712	1,500,000
Runway Lighting	9,275	4,090,725	4,100,000
RSA Compliance Construction	3,944,557	-	3,944,557
Taxiway F	4,562,606	-	4,562,606
Taxiway Kilo Design & Construction	6,349,527	850	6,350,377
Snow Removal Equipment Facility	6,300,931	-	6,300,931
<i>Marinas:</i>			
M Dock Extbsion	431,126	2,126,874	2,558,000
Inner Harbor Upgrades	1,725,785	1,874,215	3,600,000
Inner Harbor Life Ext Projects	831,659	258,341	1,090,000
<i>Real Estate:</i>			
MCI Pier Fender Piles	2,348,862	-	2,348,862
Design & Planning FMIP Stormwater	4,180,092	329,908	4,510,000
<i>Marine Terminals:</i>			
BST Upgrade pwr to main pier, etc	2,600,446	57,222	2,657,668
BST Main Pier Repairs Phase 3	12,088,085	8,249,354	20,337,439
Pier Dredging	5,796,563	3,103,437	8,900,000
Rail Span, Stub Pier	-	5,901,000	5,901,000
Crane Pad	-	5,800,000	5,800,000
BCT Pier Piling project	3,460,797	1,371,166	4,831,963
<i>Environmental:</i>			
Little Squalicum Beach	1,418,770	211,230	1,630,000
<i>Bellingham Waterfront District:</i>			
Stormwater Plan, Design	557,870	942,130	1,500,000
1000 F. St Fire Suppression	1,623,205	-	1,623,205
WW Incremental	251,730	1,074,270	1,326,000
Franchise Utilities	406,638	1,826,362	2,233,000
District Utilities ECO	1,602,088	-	1,602,088
<i>Economic Development</i>			
Broadband - Mosquito Lk Rd	1,734,684	303,512	2,038,196
Broadband - North Lynden	343,952	2,656,048	3,000,000
Broadband - North Ferndale	147,786	4,852,214	5,000,000
<i>Community Connections:</i>			
	-	-	-
<i>Infrastructure:</i>			
RR Crossing Alaska Ferry	960,825	36,517	997,342
Other Budgeted Projects, less than \$800,000	14,473,234	8,166,081	22,639,315
Total Construction	78,153,380	54,729,169	132,882,549

NOTE 5 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

NOTE 6 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year 2024:

Aggregate Pension Amounts - All Plans - Liability (or Asset)	
Pension liabilities	\$ 863,010
Pension assets	\$ (2,551,977)
Deferred outflows of resources	\$ (3,522,325)
Deferred inflows of resources	\$ 1,412,308
Pension expense/expenditures	\$ 270,268

State Sponsored Pension Plans

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

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan.

The DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of local governments; and higher education employees not participating in higher education retirement programs.

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of Plan 2 or

NOTE 6 – PENSION PLANS (continued)

Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6%. The employer contribution rate is developed by the Office of the State Actuary, adopted by the Pension Funding Council and is subject to change by legislature. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2024 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee
January - June 2024		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
Total	9.53%	6.00%
July - August 2024		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.47%	
Administrative Fee	0.20%	
Total	9.03%	6.00%
September - December 2024		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.55%	
Administrative Fee	0.20%	
Total	9.11%	6.00%

NOTE 6 – PENSION PLANS (continued)

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The rates are adopted by the Pension Funding Council, and are subject to change by the Legislature. The employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plan 2/3 defined benefit required contribution rates (expressed as a percentage of covered payroll) for 2024 were as follows:

NOTE 6 – PENSION PLANS (continued)

PERS Plan 2/3			
Actual Contribution Rates:	Employer 2/3	Employee 2	Employee 3
January - June 2024			
PERS Plan 2/3	6.36%	6.36%	Varies 5% - 15%
PERS Plan 1 UAAL	2.97%		
Administrative Fee	0.20%		
Total	9.53%	6.36%	
July - August 2024			
PERS Plan 2/3	6.36%	6.36%	Varies 5% - 15%
PERS Plan 1 UAAL	2.47%		
Administrative Fee	0.20%		
Total	9.03%	6.36%	
September - December 2024			
PERS Plan 2/3	6.36%	6.36%	Varies 5% - 15%
PERS Plan 1 UAAL	2.55%		
Administrative Fee	0.20%		
Total	9.11%	6.36%	

The Port's actual PERS plan contributions were \$313,869 to PERS Plan 1 and \$725,517 to PERS Plan 2/3 for the year ended December 31, 2024.

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

LEOFF was established in 1970, and its retirement benefit provisions are contained in Chapter 41.26 RCW. LEOFF membership includes all of the state's full-time, fully compensated, local law enforcement commissioned officers, fire fighters, including the Port's ARFF staff, and, as of July 24, 2005, emergency medical technicians.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50 - 52, the reduction is 3% for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include a COLA (based on the CPI), capped at 3% annually. LEOFF 2 members are vested after the completion of five years of eligible service.

NOTE 6 – PENSION PLANS (continued)**Contributions**

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The rates are adopted by the LEOFF Plan 2 Retirement Board and are subject to change by the Legislature.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.41%.

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

LEOFF Plan 2		
Actual Contribution Rates:	Employer	Employee
January - December 2024		
State and Local Governments	5.12%	8.53%
Administrative Fee	0.20%	
Total	5.32%	8.53%
Ports and Universities	8.53%	8.53%
Administrative Fee	0.20%	
Total	8.73%	8.53%

The Port's actual contributions to the plan were \$66,787 for the year ended December 31, 2024.

NOTE 6 – PENSION PLANS (continued)**Actuarial Assumptions**

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2024 with a valuation date of June 30, 2023. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2021 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2023 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2024. Plan liabilities were rolled forward from June 30, 2023, to June 30, 2024, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increase.
- **Investment rate of return:** 7.00%

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

Methods did not change from the prior contribution rate setting June 30, 2022 Actuarial Valuation Report (AVR). OSA adjusted their methods for calculating UAAL contribution rates in PERS 1 to reflect the delay between the measurement date of calculated Plan 1 rates and when the rates are collected. OSA made an adjustment to their model to reflect past inflation experience when modeling future COLAs for current annuitants in all plans except PERS 1.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0%.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit

NOTE 6 – PENSION PLANS (continued)

payments of current plan members. Therefore, the long-term expected rate of return of 7.0% was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.0% was determined using a building-block-method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMAs and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

The table below summarizes the best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024. The inflation component used to create the table is 2.5% and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	19%	2.10%
Tangible Assets	8%	4.50%
Real Estate	18%	4.80%
Global Equity	30%	5.60%
Private Equity	25%	8.60%
	100%	

NOTE 6 – PENSION PLANS (continued)

Sensitivity of Net Pension Liability/(Asset)

The table below represents the Port's proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the Port's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
PERS 1	\$ 1,269,466	\$ 863,010	\$ 506,538
PERS 2/3	\$ 3,785,026	\$ (2,099,653)	\$ (6,932,618)
LEOFF 2	\$ 299,671	\$ (452,324)	\$ (1,067,433)

Pension Plan Fiduciary Net Position

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

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

At June 30, 2024, the Port reported its proportionate share of the net pension liabilities and assets as follows:

	Liability (or Asset)
PERS 1	\$ 863,010
PERS 2/3	\$ (2,099,653)
LEOFF 2	\$ (452,324)

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

	Proportionate Share 6/30/23	Proportionate Share 6/30/24	Change in Proportion
PERS 1	0.050002%	0.048570%	-0.001432%
PERS 2/3	0.064383%	0.063692%	-0.000691%
LEOFF 2	0.022805%	0.024153%	0.001348%

NOTE 6 – PENSION PLANS (continued)

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2024 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans.

In fiscal year 2024, the state of Washington contributed 39% of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61% of employer contributions.

Pension Expense

For the year ended December 31, 2024, the Port recognized pension expense as follows:

	Pension Expense/(Credit)
PERS 1	\$ (47,354)
PERS 2/3	\$ (171,698)
LEOFF 2	\$ (51,216)
TOTAL	\$ (270,268)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2024, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (69,056)
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ 154,246	\$ -
TOTAL	\$ 154,246	\$ (69,056)

NOTE 6 – PENSION PLANS (continued)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,193,068	\$ (4,861)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (601,701)
Changes of assumptions	\$ 1,159,433	\$ (133,034)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 44,008	\$ (187,102)
Contributions subsequent to the measurement date	\$ 383,697	\$ -
TOTAL	\$ 2,780,206	\$ (926,698)

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 332,902	\$ (3,442)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (74,419)
Changes of assumptions	\$ 186,204	\$ (38,020)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 33,985	\$ (300,680)
Contributions subsequent to the measurement date	\$ 34,783	\$ -
TOTAL	\$ 587,874	\$ (416,561)

Combined ALL PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,525,970	\$ (8,303)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (745,176)
Changes of assumptions	\$ 1,345,637	\$ (171,054)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 77,993	\$ (487,782)
Contributions subsequent to the measurement date	\$ 572,726	\$ -
TOTAL	\$ 3,522,326	\$ (1,412,315)

NOTE 6 – PENSION PLANS (continued)

Deferred outflows of resources related to pensions resulting from the Port’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 1
2025	\$ (114,282)
2026	\$ 58,713
2027	\$ (6,217)
2028	\$ (7,270)
Total	\$ (69,056)

Year ended December 31:	PERS 2/3
2025	\$ (514,478)
2026	\$ 889,042
2027	\$ 378,993
2028	\$ 371,464
2029	\$ 176,648
Thereafter	\$ 168,142
Total	\$ 1,469,811

Year ended December 31:	LEOFF 2
2025	\$ (100,843)
2026	\$ 73,595
2027	\$ 5,843
2028	\$ 12,595
2029	\$ 37,190
Thereafter	\$ 108,149
Total	\$ 136,529

NOTE 7 – RISK MANAGEMENT

Commercial insurance is maintained against most normal hazards the Port may experience.

Primary General Liability coverage is in effect to a limit of \$1 million with a \$25,000 deductible. Excess liability coverage is in effect to a limit of \$49 million. Public Officials and Employee Practices Liability coverage is in effect to a limit of \$5 million with a \$25,000 deductible. Airport Liability coverage is in effect to a limit of \$100 million combined bodily injury, property damage and extended coverage for war, hijacking, terrorism and other perils with a \$0 deductible. The Port also maintains a separate Crime policy to a limit of \$2 million with a deductible of \$2,500 and a Foreign Liability policy with various limits and deductibles. In addition, the Port maintains standard business Automobile insurance with \$1 million limit and various deductibles.

Commercial property coverage at full replacement cost with a loss limit of \$500 million with a deductible of \$50,000 is in effect. Earthquake/Flood coverage has a separate limit of \$50 million with the Port self-insuring (as a deductible) five percent of the property value for each location. Cyber coverage is maintained to a limit of \$2 million with a \$25,000 retention.

There is one open major claim against the Port's insurance carrier, which arose from an incident in 2021. This claim is still under litigation.

Settlement claims have not exceeded insurance coverage for any of the past three fiscal years.

The Port provides health and welfare benefits to full-time and part-time employees and their eligible dependents. A third party administrator, Healthcare Management Administrators (HMA), manages the plans. The healthcare plan is self-insured with a stop loss program in place, and the dental/vision plan is self-insured with a capped per participant benefit.

In 2024, the medical plan had an average of 319 lives on the plan, including COBRA participants. Fixed costs, including the stop loss premium were \$576,772. Claims paid, less the stop loss adjustments, were \$1,554,465. Wellness program costs totaled \$11,720. IRS and other fees totaled \$2,375. Total 2024 medical care costs were \$2,145,332.

The 2024 dental/vision plan had an average of 295 lives on the plan including COBRA participants. Fixed costs were \$9,631, and the claims paid were \$161,525. Total dental/vision plan costs were \$171,156 in 2024.

The required 16 weeks of reserve is calculated to be \$708,568, and is included in the Port's restricted net position.

NOTE 8 – LONG-TERM DEBT

Long Term Debt

The Port issues general obligation bonds and revenue bonds to finance capital improvements to marinas, cargo shipping docks and the Bellingham International Airport terminal. The Port issued additional general obligation debt in 2024 to fund certain marine terminal improvements. General obligation bonds have been issued for business-type activities and are being repaid from the applicable resources.

General obligation bonds currently outstanding are as follows:

Description and Date of Issue	Original Amount	Interest Rate	Maturity	Amount
4/21/2016	4,485,000	3.779%	2025	815,000
7/17/2024	14,425,000	4.468%	2038	14,185,000
Total General Obligation Bonds				\$ 15,000,000

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31	Principal	Interest
2025	1,545,000	691,550
2026	765,000	622,450
2027	800,000	584,200
2028	840,000	544,200
2029	885,000	502,200
2030-2038	10,165,000	2,314,250
Total	\$ 15,000,000	\$ 5,258,850

Revenue bonds currently outstanding are as follows:

Description and Date of Issue	Original Amount	Interest Rate	Maturity	Amount
07/09/2019	20,620,000	1.61-2.24%	2030	15,255,000
Total Revenue Bonds				\$ 15,255,000

NOTE 8 – LONG-TERM DEBT (continued)

The annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending December 31	Principal	Interest
2025	2,250,000	762,750
2026	2,360,000	650,250
2027	2,475,000	532,250
2028	2,595,000	408,500
2029	2,725,000	278,750
2030	2,850,000	142,500
Total	\$ 15,255,000	\$ 2,775,000

Bonds are displayed net of premium or discount on the Statement of Net Position. Annual interest expense is decreased by amortization of debt premium and increased by the amortization of debt discount.

Other

In prior years, the Port entered into a 10-year Master Tax-Exempt Installment Purchase agreement with US Bank in the amount of \$1,383,130 for the purpose of purchasing large equipment to be used at the Bellingham Shipping Terminal.

The assets acquired through this agreement are as follows, and the related accumulated depreciation on the assets is included in depreciation expense:

Asset		
Lift Trucks	\$	304,282
Self-Propelled Vehicles		840,468
Towed Vehicles		238,380
Total Assets Acquired	\$	1,383,130
Less, Accumulated Depreciation	\$	(892,228)
Total Assets Acquired	\$	490,902

NOTE 8 – LONG-TERM DEBT (continued)

The future payments as of December 31, 2024 were as follows:

Year Ending December 31		
2025		166,365
2026		166,366
2027		166,365
2028		83,183
Total Minimum Payments	\$	582,279
Less: Interest	\$	(39,549)
Present Value of Minimum Payments	\$	542,730

Other non-current liabilities include low-interest loans from Whatcom County's Economic Development Investment and Washington State Department of Commerce programs for various manufacturing facilities and broadband construction projects. These loans range from 10 to 20 years. The future payments as of December 31, 2024, were as follows:

Year Ending December 31	Principal	Interest
2025	209,567	22,717
2026	211,941	20,343
2027	214,345	17,940
2028	216,773	15,481
2029	161,481	13,050
2030-2036	991,215	39,399
Total	\$ 2,005,322	\$ 128,930

NOTE 8 – LONG-TERM DEBT (continued)**Changes in Long-Term Liabilities**

During the year ended December 31, 2024, the following changes occurred in long-term liabilities:

	01/01/24	Additions	Reductions	12/31/2024	Due within One Year
Bonds Payable:					
G.O. Bonds	\$ 1,644,600	\$ 14,763,145	\$ (1,053,870)	15,353,875	1,561,498
Revenue Bonds	21,320,823	-	(2,501,113)	18,819,710	2,679,998
Total Bonds Payable	\$ 22,965,423	\$ 14,763,145	\$ (3,554,983)	\$ 34,173,585	\$ 4,241,496
Notes Payable	2,540,709		(535,387)	2,005,322	208,303
Purchase Agreements	685,813		(143,083)	542,730	148,251
Compensated Absences	1,428,204	1,153,893	(965,135)	1,616,962	1,312,652
Net Pension Liability	1,141,412		(278,402)	863,010	-
Environmental Remediation	97,048,950	12,490,000		109,538,950	35,714,316
Total Long-term Liabilities	125,810,511	28,407,038	(5,476,990)	148,740,559	41,625,018

The general obligation bonds and related interest prior to 2024 are paid from ad valorem tax revenues. The 2024 general obligation bonds and revenue bonds are secured by a pledge of the Port's gross revenues. The bonds are shown net of premiums and discounts. All other long-term debt is payable from the Port's gross revenues.

NOTE 9 – UNEARNED REVENUES

The Port receives money for meeting space rental in advance of the event date. These revenues are recognized when the meeting space rental occurs, and are included in the Port's other current liabilities.

NOTE 10 – PORT OPERATIONS BY INDUSTRY

The Port operates an airport, marinas, shipping terminals, and industrial development districts, which are primarily financed by user charges. Current assets, current liabilities, and net position are accounted for on a Port-wide basis and are not identifiable to a particular industry segment. The key financial data for the year ended December 31, 2024 for these facilities are as follows:

NOTE 10 – PORT OPERATIONS BY INDUSTRY (continued)

Condensed Statement of Net Position	Airport	Marinas	Marine Terminals	Real Estate	Other	Total (in thousands)
Assets:						
Current Assets						\$ 75,812
Other & Restricted Assets						100,989
Capital Assets, net	\$ 99,655	\$ 36,987	\$ 36,177	\$ 37,441	\$ 86,850	297,110
Construction Work in Progress	7,588	3,336	24,220	5,638	10,679	51,461
Total Assets						525,372
Deferred Outflows of Resources						3,522
Liabilities:						
Current Liabilities						53,300
Other Non-current Liabilities						90,975
Revenue Debt						16,140
Total Liabilities						160,415
Deferred Inflows of Resources						81,520
Net Position:						
Net invested in capital assets						311,849
Restricted						7,865
Unrestricted						(32,755)
Total Net Position						286,959
Total Liabilities, Net Position, and Deferred Inflows						\$ 528,894
Condensed Statement of Revenues, Expenses and Changes in Net Position (in thousands)						
Operating Revenues	\$ 6,840	\$ 10,573	\$ 3,271	\$ 6,728	\$ 457	\$ 27,869
Operating Expenses	(7,322)	(5,096)	(2,639)	(7,916)	(5,720)	(28,693)
General & Admin. Expense	(126)	(40)	(57)	(139)	(828)	(1,190)
Depreciation Expense	(5,624)	(2,746)	(2,768)	(2,863)	(1,095)	(15,096)
Operating Income (Loss)	(6,232)	2,691	(2,193)	(4,190)	(7,186)	(17,110)
Tax Revenues					7,958	7,958
Net Non-Operating					(14,343)	(14,343)
Net Income (Loss)	(6,232)	2,691	(2,193)	(4,190)	(13,571)	(23,495)
Capital Contributions	4,687	-	4,278	-	1,173	10,138
Capital Contributions-Restricted	1,389	-	-	-	-	1,389
Net Position, January 2024						298,926
Net Position, December 2024						\$ 286,958

NOTE 11 – RESTRICTED COMPONENT OF NET POSITION

The Port's Statement of Net Position reports \$7,864,202 of restricted component of net position. \$708,568 of this is restricted by enabling legislation. The remaining restricted component is restricted by revenue bond covenants and federal and state agencies.

NOTE 12 – PASSENGER/CUSTOMER FACILITY CHARGES**Passenger Facility Charges**

The Port, through agreement with the Federal Aviation Administration, and in conjunction with commercial airlines operating at Bellingham International Airport, has implemented a Passenger Facility Charge of \$4.50 per enplaned passenger. These fees are collected by the airline as part of the pricing of each ticket and are remitted quarterly to the Port directly from the airlines. Passenger Facility Charge collected and remitted to the Port can only be used by the Port for capital projects approved by the participating airlines and the FAA. Fees remitted during 2024 totaled \$1,076,363, and are shown on the Port's Statement of Revenues, Expenses and Changes in Net Position as Capital Contributions-Contractually Restricted.

Customer Facility Charges

Through the lease contracts with the car rental agencies at the airport beginning June 1, 2018, the Port also collects a Customer Facility Charge (CFC) in the amount of \$3.50 per day, per vehicle rented. Per the agreement, the CFCs may only be used for the car rental facilities. Fees remitted during 2024 totaled \$312,907, and are shown on the Port's Statement of Revenues, Expenses and Changes in Net Position as Capital Contributions-Contractually Restricted.

NOTE 13 – ENVIRONMENTAL REMEDIATION

In 2005, the Port acquired the real property assets of Georgia Pacific West Corporation ("GP") located in the central waterfront of Bellingham Bay and also assumed GP's responsibility to complete the remedial action plans which are being finalized through the Washington State Department of Ecology.

As part of the GP acquisition, the Port has become legally liable for specific remedial action required for the reuse of the acquired assets. These actions are expected to be approved by Federal and State regulatory agencies and the expected costs have been expensed and recorded as a long-term liability on the Statement of Net Position. These expenses, along with the estimated expenses for other port-owned sites requiring environmental remediation were estimated using the expected cash flow technique, and total \$196,320,000 as of 12/31/2024. This is a \$10 million increase from the previous year. This estimate is analyzed by independent engineers and is adjusted annually and shown in current dollars. The pollution remediation obligation is an estimate subject to change resulting from price increases or decreases, technology, or changes in applicable laws and regulations. GASB 49, effective in 2008, allows for capitalizing amounts related to environmental cleanup when preparing the property for sale providing the carrying amount of the property doesn't exceed its estimated fair value upon completion of the

NOTE 13 – ENVIRONMENTAL REMEDIATION (continued)

remediation. In preparation for this change in accounting standard, the Port obtained a benchmark value for the GP acquisition sites 'clean' fair market value. The 'clean' value exceeded the current value on the books by \$46.6 million. Therefore, the environmental remediation liability was reduced by this amount.

The Port has acquired a Pollution Legal Liability Insurance Policy from American International Specialty Lines Insurance Company. This policy, which is in effect until 12/31/2034, has an aggregate policy limit of \$102,000,000. The policy obligates the insurer to pay half of the remediation costs on specific sites up to a total amount of \$51,684,816. After total remediation costs exceed \$51,684,816, the policy provides for payment of 100% of the environmental remedial costs on covered sites up to a policy limit of \$77,000,000. The policy also provides for an additional coverage of up to \$25,000,000 in costs for third party liabilities, regulatory changes, or unknown contaminants on these specific sites. The Port had prepaid for the estimated current value of the remedial actions defined in the policy as of January 20, 2005; however, by the end of 2016, all of these prepaid funds were expended. The Port, in reassessing its remediation liabilities has also estimated what portion of the remediation costs will be reimbursed by insurance. This analysis, and the fact that the insurer admits coverage, has resulted in the Port booking an Environmental Insurance Receivable of \$15,480,000, representing the net present value of all expected reimbursements from the insurance policy less the amounts paid by the Port under the terms of the policy. These amounts are both probable and estimable and therefore realizable as an asset.

The Port expects to receive up to ½ of all environmental remediation costs from the State of Washington through the issuance of Department of Ecology Remedial Action Grants.

These grants are issued on a biennial basis with each grant being awarded following the issuance of a cleanup order from the Department of Ecology. These grants are not recognized by the Port until they are earned.

The Port has accepted several grants from the Department of Ecology for a total funding amount that is just over \$72.5 million through the current biennia, of which just over \$61.5 million has been received to date. The Port anticipates Ecology will approve future funding up to 50% of the estimated cost of cleanup as funding becomes available in future biennium periods. These sites are included in the pollution legal liability insurance policy purchased by the Port in 2005. Activities related to cleanup sites was ongoing engineering, design and permitting and the continued implementation of an in-situ bioremediation program. Since September 2007, the Port has been developing a detailed cleanup design under a Consent Decree and Cleanup Action Plan with the Department of Ecology for the Whatcom Waterway site, which includes the Aeration Stabilization Basin. In early 2015, the estimated cost, including contingency, was \$102,918,775. In April 2015, the Port advertised a request for bids to perform the construction portion of the Whatcom

NOTE 13 – ENVIRONMENTAL REMEDIATION (continued)

Waterway Phase I Cleanup. Construction began in June 2015 and was completed in June 2016. At the end of 2024, the remaining estimated cost for future phases of the Whatcom Waterway cleanup site with contingency was \$77,329,168. The Port began construction of the I&J Waterway SCU-1 cleanup in 2024 and is expected to be completed in the spring of 2026. The Port has progressed the Cornwall Avenue Landfill Site to 100% design with construction expected to begin in 2025. The Harris Avenue Shipyard is expected to begin construction of the upland cleanup areas in 2025 with continued engineering and design of the marine areas.

The Port has, as part of its environmental cleanup efforts, a number of monitoring wells on various contaminated sites, ranging from .75” – 8” in diameter. These wells will be decommissioned when the individual sites are cleaned up and no longer require monitoring. The Port estimates the cost to decommission these monitoring wells will be approximately \$490 thousand over the course of many years. The cost of decommissioning is included in the environmental liability that is listed on the Port’s Statement of Net Position.

NOTE 14 – SERVICE CONCESSION AGREEMENTS

In 2010, the Port of Bellingham entered into a 50-year ground lease with an additional 30-year option in order for the lessee to construct and operate two general office and retail buildings. In 2011 and 2017, similar agreements were executed for a third and fourth building. Upon execution, the lessee prepaid the 80-year agreements. The agreement allowed the lessee to secure financing for the construction of the buildings. At the end of the agreement, unless a separate renewal is negotiated, the Port has the option of requiring the lessee to remove the buildings or to transfer ownership to the Port.

The Deferred Inflows of Resources represents the \$2,442,645 unearned balance of these agreements.

NOTE 15 – JOINT VENTURES

In 2020, the Port entered into an Interlocal Agreement with the Ports of Whitman County, Kalama, Pasco, Ridgefield, and Skagit to form Petrichor Broadband, LLC for the development of state-wide, regional, and local open access dark fiber systems. The collaboration will result in a consistent approach to technologies and business models throughout the state, subject to local and regional conditions. This joint venture is governed by members of each participating port, and is initially managed by the Port of Whitman County. To obtain financial information on this joint venture, contact the Executive Director at the Port of Whitman County at <https://www.portwhitman.com/>.

NOTE 15 – JOINT VENTURES (continued)

The Port of Bellingham initially contributed \$200,000 to the Port of Whitman County as a capital contribution, and \$15,749 as compensation for the Port of Whitman County's commitments. In 2024, the Port's share of Petrichor's net income was \$20,440. The Port also took a withdrawal of \$75,000 in 2024, leaving a balance of \$208,388 which is listed on the Port of Bellingham's Statement of Net Position as a Joint Venture.

In addition, Petrichor is obligated to pay \$472,487.85 to the Port of Whitman County over the course of three years. If Petrichor is unable to make the payment, that financial obligation will be due from the individual members. At this time, it is expected that Petrichor will be able to meet its obligation, and therefore no liability is listed on the Port's financial statements.

NOTE 16 – LEASES - LESSOR

The Port is a lessor for various noncancellable leases of land and office and retail facilities.

For leases with a maximum possible term of 12 months or less at commencement, revenue is recognized based on the provisions of the lease contract. For all other leases, the Port recognizes a lease receivable, and a deferred inflow of resources. The total amount received, principal and interest, for 2024 was \$13,959,116, across all divisions of the Port that leases property.

At the commencement of a lease, the Port initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term using the effective interest method.

Key estimates and judgments related to the leases include how the Port determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The discount rate for leases is based on the rate of interest the lessee would be charged to borrow an amount equal to the lease payments, respectively, under similar terms at the commencement or remeasurement date.

The Port determined the discount rate as follows for leases with a commencement date prior to January 1, 2023:

NOTE 16 – LEASES - LESSOR (continued)

Total Lease Payments Over the Lease Term Plus Options to Extend	Discount Rate used
Loans Under 7 Years:	
\$50,000 or more	Prime + 2.25%
\$25,001 - \$49,999	Prime + 3.25%
\$25,000 or less	Prime + 4.25%
Loans Over 7 Years:	
\$50,000 or more	Prime + 2.75%
\$25,001 - \$49,999	Prime + 3.75%
\$25,000 or less	Prime + 4.75%

For leases with a commencement date of January 1, 2023 or later, the Port determined the discount rate as follows:

Total Lease Payments Over the Lease Term Plus Options to Extend	Discount Rate used
\$350,001 or more	Prime + 3%
\$250,001 - \$350,000	Prime + 4%
\$50,001 - \$250,000	Prime + 4.5%
\$50,000 or less	Prime + 6.5%

- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease liability are composed of fixed payments from the lessee.

The Port monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTE 16 – LEASES - LESSOR (continued)

As of December 31, 2024, future lease receivable principal and interest payments are as follows:

Year Ended December 31	Principal	Interest	Total
2025	\$ 4,512,683	\$ 4,707,447	\$ 9,220,130
2026	\$ 4,135,377	\$ 4,468,818	\$ 8,604,195
2027	\$ 3,896,019	\$ 4,245,583	\$ 8,141,602
2028	\$ 3,666,303	\$ 4,043,942	\$ 7,710,245
2029	\$ 3,406,163	\$ 3,836,388	\$ 7,242,551
2030-2034	\$ 14,471,431	\$ 16,496,707	\$ 30,968,138
2035-2039	\$ 8,568,606	\$ 13,095,127	\$ 21,663,733
2040-2044	\$ 7,057,556	\$ 10,863,625	\$ 17,921,181
2045-2049	\$ 4,117,271	\$ 9,294,511	\$ 13,411,782
2050-2054	\$ 4,205,459	\$ 8,113,338	\$ 12,318,797
2055-2059	\$ 4,991,422	\$ 6,764,754	\$ 11,756,176
2060-2064	\$ 4,293,752	\$ 5,292,023	\$ 9,585,775
2065-2069	\$ 4,129,938	\$ 4,164,841	\$ 8,294,779
2070-2074	\$ 4,768,254	\$ 2,830,503	\$ 7,598,757
2075-2079	\$ 1,837,022	\$ 1,837,702	\$ 3,674,724
2080-2084	\$ 1,318,033	\$ 1,393,481	\$ 2,711,514
2085-2089	\$ 1,748,299	\$ 954,385	\$ 2,702,684
2090-2094	\$ 1,513,939	\$ 426,617	\$ 1,940,556
2095-2099	\$ 692,061	\$ 113,426	\$ 805,487
2100-2104	\$ 126,281	\$ 5,560	\$ 131,841
Total	\$ 83,455,869	\$ 102,948,778	\$ 186,404,647

NOTE 17 – OTHER DISCLOSURES

In 2015, the Port Commission approved a Master Development Agreement (MDA) with Harcourt Bellingham LLC to develop 18.8 acres on Bellingham’s waterfront, subject to a defined development schedule and a per square foot purchase price, both laid out in detail in the MDA.

During 2020, Harcourt made limited progress in the development schedule and the Port believed they would not meet the project schedule as defined in the MDA. The MDA has a detailed process for resolving defaults and non-compliance. Prior to initiating the formal process, the Port engaged Harcourt in discussions for possible resolutions that included a sizeable reduction in the property available to Harcourt for development. The end result of the negotiations was a Restated and Amended Master Development Agreement, entered into in 2021, providing Harcourt with exclusive development rights for just over 9 acres.

NOTE 17 – OTHER DISCLOSURES (continued)

Following successful development of the nine acres, Harcourt would have the option of picking up another approximate three acres. Harcourt missed a deadline of obtaining an occupancy permit by mid-October 2023. Based upon that missed deadline and other non-compliance issues, the Port notified Harcourt that it was in default under the Restated MDA. The Port's position is that Harcourt no longer had the right to develop the 9 acres or any other properties in the downtown waterfront district and the Port was excused from considering any future project development approval process steps. Harcourt will continue to develop the properties already under its ownership, specifically the Granary Building and the three residential condominium buildings. In late April 2025 Harcourt and the Port agreed to terminate all of Harcourt's future development rights. As of May 1, 2025 Harcourt had signed this agreement and it is waiting for Port Commission approval on May 6th.

In early 2022 the Port issued an RFP for one of the former Georgia Pacific Buildings known as the Boardmill Building. After reviewing the responses, the Port selected a proposal from The Boardmill Group, LLC to convert the building into a hotel and construct residential units and a parking garage on an approximate three-acre parcel. Since that selection was made, the Port has been negotiating a purchase and sale agreement with the Boardmill Group and the group is in the permitting process with the City of Bellingham.

In 2022, the Port sold a portion of the Lignin Site to Mercy Housing Northwest. This project was completed in 2024 and provides approximately 80 units of affordable housing, and a seven-classroom early learning center. In 2022 the Port also entered into an Option to Purchase with the Whatcom Community Foundation to develop the remaining portion of the Lignin site. The Foundation is currently in the early permitting phase for that development, but it is anticipated that workforce housing, offices and a potential commissary kitchen are planned in the next building.

The Port has realized tremendous success with public access on the undeveloped property. A bicycle pump track was installed, and the use of this feature far exceeds expectations. Since the initial track was built it has been expanded several times. In 2021, Kulshan Brewery opened an extensive outdoor venue that included several containers and a stage. Also in 2021, Selkie Scoop opened an ice cream shop in a container. In 2022, phase two commenced, when three more businesses were located in containers: Sunnyland Bike for bike rental and repair; Rain or Shine Riviera Club, which is a Filling Station restaurant featuring hamburgers; and Our Kitchen, operated by the Dish Foundation, serving a variety of soft drinks and freshly baked goods. In 2023 the Port added more containers, and more businesses opened for the 2024 season, including Zeeks Pizza, Bin 13 Wine Bar and another rotating container. Planning for the next phase is underway, with 4-6 containers being added in late 2025 / early 2026.

REQUIRED SUPPLEMENTARY INFORMATION

Port of Bellingham
Schedule of Proportionate Share of the Net Pension Liability
Public Employees' Retirement System Plan 1
As of June 30
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.048570%	0.050002%	0.045379%	0.044197%	0.042003%	0.044582%	0.048569%	0.052360%	0.053036%	0.056592%
Employer's proportionate share of the net pension liability (asset)	\$ 863,010	\$ 1,141,412	\$ 1,263,518	539,749	1,482,933	1,714,336	2,169,108	2,484,523	2,848,283	2,960,288
Covered payroll	\$ 9,857,116	\$ 8,548,022	\$ 7,496,225	6,520,887	6,384,040	6,271,374	6,394,964	6,501,153	6,283,392	6,300,760
Employer's proportionate share of the net pension liability as a percentage of covered payroll	8.76%	13.35%	16.86%	8.28%	23.23%	27.34%	33.92%	38.22%	45.33%	46.98%
Plan fiduciary net position as a percentage of the total pension liability	84.05%	80.16%	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%

Notes to Schedule:

REQUIRED SUPPLEMENTARY INFORMATION

Port of Bellingham
Schedule of Proportionate Share of the Net Pension Liability
Public Employees' Retirement System Plan 2 & 3
As of June 30
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.063692%	0.064383%	0.059345%	0.056776%	0.054694%	0.057544%	0.061581%	0.065669%	0.066231%	0.069443%
Employer's proportionate share of the net pension liability (asset)	\$ (2,099,653)	\$ (2,638,855)	\$ (2,200,976)	\$ (5,655,803)	699,505	558,948	1,051,441	2,281,684	3,334,679	2,481,238
Covered payroll	\$ 9,857,116	\$ 8,548,022	\$ 7,496,225	6,520,887	6,384,040	6,271,374	6,366,111	6,429,646	6,213,443	6,160,253
Employer's proportionate share of the net pension liability as a percentage of covered payroll	-21.30%	-30.87%	-29.36%	-86.73%	10.96%	8.91%	16.52%	35.49%	53.67%	40.28%
Plan fiduciary net position as a percentage of the total pension liability	105.17%	107.02%	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%

Notes to Schedule:

REQUIRED SUPPLEMENTARY INFORMATION

Port of Bellingham
Schedule of Proportionate Share of the Net Pension Liability
Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2
As of June 30
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019
Employer's proportion of the net pension liability (asset)	0.024153%	0.022805%	0.017579%	0.015564%	0.016847%	-0.018915%
Employer's proportionate share of the net pension liability (asset)	\$ (452,324)	\$ (547,000)	\$ (477,744)	(904,022)	(343,654)	(438,202)
Covered payroll	\$ 1,155,774	\$ 965,777	\$ 710,823	581,240	633,958	664,034
Employer's proportionate share of the net pension liability as a percentage of covered payroll	-39.14%	-56.64%	-67.21%	-155.53%	-54.21%	-65.99%
Plan fiduciary net position as a percentage of the total pension liability	109.27%	113.17%	116.09%	142.00%	115.83%	119.43%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.

REQUIRED SUPPLEMENTARY INFORMATION

Port of Bellingham
Schedule of Employer Contributions
Public Employees' Retirement System Plan 1
For the year ended December 31
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statorily or contractually required contributions	\$ 313,869	\$ 311,733	\$ 292,369	\$ 291,873	\$ 310,401	\$ 312,702	\$ 313,986	\$ 325,894	\$ 308,617	\$ 278,880
Contributions in relation to the statutorily or contractually required contributions	(313,869)	(311,733)	(292,369)	(291,873)	(310,401)	(312,702)	(313,986)	(325,894)	(308,617)	(278,880)
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 9,857,116	\$ 9,173,713	\$ 7,787,270	\$ 6,842,673	\$ 6,471,142	\$ 6,323,256	\$ 6,204,547	\$ 6,559,615	\$ 6,378,187	\$ 6,267,999
Contributions as a percentage of covered payroll	3.18%	3.40%	3.75%	4.27%	4.80%	4.95%	5.06%	4.97%	4.84%	4.45%

Notes to Schedule:

REQUIRED SUPPLEMENTARY INFORMATION

Port of Bellingham
Schedule of Employer Contributions
Public Employees' Retirement System Plan 2 & 3
For the year ended December 31
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	\$ 725,517	\$ 583,449	\$ 495,271	\$ 486,312	\$ 512,515	\$ 488,136	\$ 464,968	\$ 445,755	\$ 392,981	\$ 360,162
Contributions in relation to the statutorily or contractually required contributions	(725,517)	(583,449)	(495,271)	(486,312)	(512,515)	(488,136)	(464,968)	(445,755)	(392,981)	(360,162)
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 9,857,116	\$ 8,548,022	\$ 7,787,270	\$ 6,842,673	\$ 6,471,142	\$ 6,323,256	\$ 6,204,547	\$ 6,494,309	\$ 6,307,906	\$6,198,827
Contributions as a percentage of covered payroll	7.36%	6.83%	6.36%	7.11%	7.92%	7.72%	7.49%	6.86%	6.23%	5.81%

Notes to Schedule:

REQUIRED SUPPLEMENTARY INFORMATION

Port of Bellingham
Schedule of Employer Contributions
Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2
For the year ended December 31
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018
Statutorily or contractually required contributions	\$ 66,787	\$ 59,300	\$ 35,247	\$ 33,913	\$ 29,571	\$ 35,048	\$ 30,561
Contributions in relation to the statutorily or contractually required contributions	(66,787)	(59,300)	(35,247)	(33,913)	(29,571)	(35,048)	(30,561)
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 1,155,774	\$ 1,158,209	\$ 688,418	\$ 660,612	\$ 574,200	\$ 674,070	\$ 582,117
Contributions as a percentage of covered payroll	5.78%	5.12%	5.12%	5.13%	5.15%	5.20%	5.25%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.

SECTION 3

STATISTICAL



PORT OF BELLINGHAM
Washington State

STATISTICAL SECTION NARRATIVE AND SCHEDULES

This section of the Port's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures present about the Port's overall financial health.

CONTENTS

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the Port's financial performance and well-being has changed over time. The schedules include fiscal year 2015 and forward, and include:

Schedule 1 – Revenue, Expenses, and Changes in Net Position, Last Ten Years

Schedule 2 – Net Position by Component, Last Ten Years

REVENUE CAPACITY

These schedules contain information to help the reader assess the factors affecting the Port's ability to generate its property taxes and how the property tax rates have changed over time. Schedules included are:

Schedule 3 – Property Tax Levies and Collections, Last Ten Years

Schedule 4 – Assessed Value of Property, Last Ten Years

Schedule 5 – Property Tax Rates, Last Ten Years

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the Port's current levels of outstanding debt and the Port's ability to issue additional debt in the future. Details regarding the Port's outstanding debt can also be found in the notes to the financial statements. Schedules included are:

Schedule 6 – Computation of Legal Debt Margin, Current Year

Schedule 7 – Computation of Direct & Overlapping Bonded Debt, Current Year

Schedule 8 – Revenue Bond Coverage, Last Ten Years

DEMOGRAPHIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment in which the Port's financial activities take place. Schedules included are:

Schedule 9 – Demographic/Economic Statistics, Last Ten Years

Schedule 10 – Ratios of Outstanding Debt, Last Ten Years

Schedule 11 – Principal Employers of Whatcom County, Current Year and 9 Years Prior

OPERATING INFORMATION

These schedules contain data about the Port's operations to help the reader understand how the information in the Port's financial report relates to the services it provides and the activities it performs.

Schedule 12 – Number of Port Employees by Division, Current Year

Schedule 13 – Bellingham International Airport Enplaned/Deplaned Passengers & Freight,
Last Ten Years

Schedule 14 – Bellingham International Airport Landings & Takeoffs, Last Ten Years

Schedule 15 – Existing Whatcom County Moorage Facilities, as of April 2025

Schedule 16 – Largest Property Leases, Current Year and 9 Years Prior

Schedule 17 – Capital Assets Information, Current Year

**Revenues, Expenses, and Changes in Net Position
Last Ten Years**

	2015	2016	2017	2018	2019
Operating Revenues					
Aviation	\$ 6,532,421	\$ 6,263,702	\$ 6,499,164	\$ 7,196,686	\$ 6,729,943
Marinas	7,328,815	7,530,848	7,798,850	8,198,208	8,579,721
Marine Terminals	2,247,820	2,141,421	2,013,899	2,304,968	2,667,666
Real Estate	7,210,802	7,017,044	7,091,123	7,827,889	8,138,866
Other	364,871	331,763	359,406	326,892	351,151
Total	23,684,729	23,284,778	23,762,442	25,854,643	26,467,347
Operating Expenses					
Direct	13,844,115	14,455,137	14,538,825	14,960,589	16,121,673
Administrative	2,098,988	2,285,811	2,175,359	1,798,571	1,899,125
Depreciation	10,487,728	12,823,245	12,347,194	13,019,004	13,083,323
Total	26,430,831	29,564,193	29,061,378	29,778,164	31,104,121
Operating Income (Loss)	(2,746,102)	(6,279,415)	(5,298,936)	(3,923,521)	(4,636,774)
Non-Operating Revenues⁽¹⁾					
Ad valorem tax revenues	6,984,715	7,098,188	7,044,355	7,213,543	7,310,137
Interest Income	146,258	229,118	463,926	785,570	1,191,805
Gain on disposition of assets	-	(791,031)	(18,653)	688,928	1,372
Environmental Insurance		6,129,968	(883,550)	3,180,149	120,632
Other non-operating revenues	19,991,103	26,552,481	3,446,122	2,311,564	13,268,044
Total	27,122,076	39,218,724	10,052,200	14,179,754	21,891,990
Non-Operating Expenses					
Interest Expense	(899,515)	(894,949)	(1,245,416)	(1,344,153)	(694,796)
Environmental Remediation	(18,867,882)	(21,159,547)	(8,497,119)	(9,096,701)	(2,086,548)
Other non-operating expenses	(397,925)	(324,148)	(616,296)	(393,231)	(875,381)
Total	(20,165,322)	(22,378,644)	(10,358,831)	(10,834,085)	(3,656,725)
Capital Contributions	9,289,273	9,013,152	5,467,738	3,823,649	2,093,294
Increase (Decrease in net position)	13,499,925	19,573,817	(137,829)	3,245,797	15,691,785
Total Net Position					
Beginning of Year	<u>\$220,039,475</u>	<u>\$227,716,587</u>	<u>\$247,290,404</u>	<u>\$247,152,575</u>	<u>\$250,398,372</u>
Change in Accounting Principles	(5,822,813)				
End of Year	\$227,716,587	\$247,290,404	\$247,152,575	\$250,398,372	\$266,090,157

(1) Other non-operating revenues include grant income, extraordinary items, and other miscellaneous tax receipts.

**Revenues, Expenses, and Changes in Net Position
Last Ten Years**

	2020	2021	2022	2023	2024
Operating Revenues					
Aviation	\$ 3,363,086	\$ 4,161,441	\$ 6,926,931	\$ 6,984,666	\$ 6,840,095
Marinas	8,883,309	9,313,152	9,711,597	10,113,773	10,573,474
Marine Terminals	2,409,662	2,775,940	3,477,066	3,964,753	3,271,032
Real Estate	8,144,108	8,400,011	6,443,314	6,470,701	6,727,577
Other	102,223	302,283	397,120	469,608	457,150
Total	22,902,388	24,952,827	26,956,028	28,003,501	27,869,328
Operating Expenses					
Direct	15,196,081	17,029,987	19,660,134	25,039,096	27,123,121
Administrative	1,854,817	565,034	2,804,826	2,501,726	2,759,826
Depreciation	13,602,701	13,794,155	14,882,357	14,744,194	15,096,336
Total	30,653,599	31,389,176	37,347,317	42,285,016	44,979,283
Operating Income (Loss)	(7,751,211)	(6,436,349)	(10,391,289)	(14,281,515)	(17,109,955)
Non-Operating Revenues⁽¹⁾					
Ad valorem tax revenues	7,454,249	7,565,592	7,777,403	7,971,300	7,958,400
Interest Income	428,702	28,709	5,599,290	8,253,971	8,533,246
Gain (loss) on disposition of assets	(38,013)	(1,175,718)	2,780,443	(1,393,351)	(1,516,590)
Environmental Insurance	12,236,711	346,653	417,806	574,388	(296,369)
Other non-operating revenues	7,525,916	5,068,291	7,275,728	15,023,620	10,114,103
Total	27,607,565	11,833,527	23,850,670	30,429,928	24,792,790
Non-Operating Expenses					
Interest Expense	(2,712,604)	(1,264,242)	(1,115,936)	(781,485)	(975,585)
Environmental Remediation	(14,553,429)	(6,656,975)	(13,365,742)	(2,121,200)	(30,063,525)
Other non-operating expenses	(1,767,041)	(1,819,211)	(206,101)	(1,098,333)	(138,890)
Total	(19,033,074)	(9,740,428)	(14,687,779)	(4,001,018)	(31,178,000)
Capital Contributions	2,851,438	3,544,337	9,446,530	9,594,417	11,527,665
Increase (Decrease in net position)	3,674,718	(798,913)	8,218,132	21,741,812	(11,967,500)
Total Net Position					
Beginning of Year	<u>\$266,090,157</u>	<u>\$269,764,875</u>	<u>\$268,965,962</u>	<u>\$277,184,094</u>	<u>\$298,925,906</u>
Change in Accounting Principles					
End of Year	\$269,764,875	\$268,965,962	\$277,184,094	\$298,925,906	\$286,958,406

(1) Other non-operating revenues include grant income, extraordinary items, and other miscellaneous tax receipts.

**Net Position by Component
Last Ten Years**

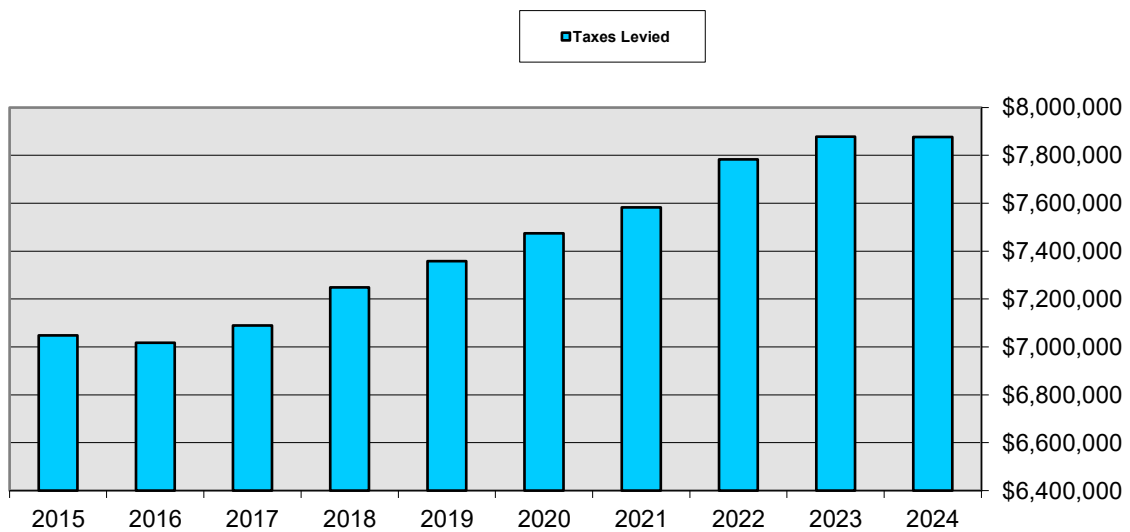
	2015	2016	2017	2018	2019
Net investment in capital					
assets	\$ 256,672,025	\$ 267,636,184	\$ 278,993,397	\$ 281,687,760	\$ 284,332,618
Restricted	5,644,979	5,733,325	5,498,758	5,636,916	4,090,690
Unrestricted	<u>(34,600,417)</u>	<u>(26,079,105)</u>	<u>(37,339,580)</u>	<u>(36,926,304)</u>	<u>(22,333,151)</u>
Total net position	227,716,587	247,290,404	247,152,575	250,398,372	266,090,157

**Net Position by Component
Last Ten Years**

	2020	2021	2022	2023	2024
Net investment in capital assets	\$ 279,783,081	\$ 285,826,943	\$ 292,228,993	\$ 304,649,158	\$ 311,848,973
Restricted	3,655,741	4,612,942	6,389,274	7,552,414	7,864,202
Unrestricted	<u>(13,673,947)</u>	<u>(21,473,923)</u>	<u>(21,434,173)</u>	<u>(13,275,666)</u>	<u>(32,754,769)</u>
Total net position	269,764,875	268,965,962	277,184,094	298,925,906	286,958,406

**Property Tax Levies and Collections
Last Ten Years**

Year	Taxes Levied for the Fiscal Year ^(a)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Periods	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2024	\$7,876,678	7,773,793	98.69%	N/A	7,773,793	98.69%
2023	\$7,877,548	7,773,793	98.68%	N/A	7,773,793	98.68%
2022	\$7,783,310	7,689,086	98.79%	54,869	7,743,955	99.49%
2021	\$7,583,157	7,396,448	97.54%	162,323	7,558,771	99.68%
2020	\$7,473,652	7,355,039	98.41%	93,434	7,448,473	99.66%
2019	\$7,357,502	7,229,415	98.26%	127,980	7,357,395	100.00%
2018	\$7,248,175	7,111,458	98.11%	136,677	7,248,135	100.00%
2017	\$7,089,784	7,029,332	99.15%	60,428	7,089,760	100.00%
2016	\$7,017,736	6,929,869	98.75%	87,841	7,017,710	100.00%
2015	\$7,047,799	6,888,112	97.73%	159,656	7,047,768	100.00%

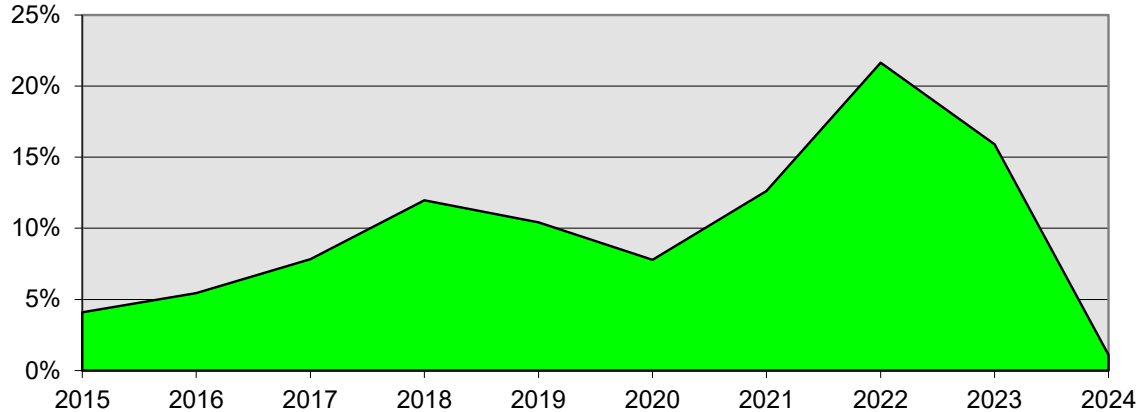


(a) Includes cancellations and supplements, and may differ from the totals reported by Whatcom County by an immaterial amount.

Source: Whatcom County Assessor's Office Remittance Statement

***Assessed Value of Property
Last Ten Years**

Fiscal	Tax	Real Property	Personal Property	Public Utilities	Total	% increase	Total Direct Tax Rate
2015	2016	\$23,750,717,549	\$739,041,515	\$809,569,941	\$25,299,329,005	4.1%	0.278
2016	2017	\$25,123,357,108	\$768,790,092	\$782,541,344	\$26,674,688,544	5.4%	0.263
2017	2018	\$27,193,890,456	\$757,293,474	\$812,482,900	\$28,763,666,830	7.8%	0.246
2018	2019	\$30,600,572,123	\$763,951,505	\$839,003,603	\$32,203,527,231	12.0%	0.223
2019	2020	\$33,940,414,730	\$799,888,654	\$820,102,845	\$35,560,406,229	10.4%	0.202
2020	2021	\$36,653,053,145	\$827,827,298	\$844,169,633	\$38,325,050,076	7.8%	0.195
2021	2022	\$41,427,605,329	\$827,623,721	\$902,246,919	\$43,157,475,969	12.6%	0.173
2022	2023	\$50,720,172,783	\$877,365,607	\$896,950,973	\$52,494,489,363	21.6%	0.149
2023	2024	\$59,044,719,510	\$977,400,188	\$818,717,474	\$60,840,837,172	15.9%	0.128
2024	2025	\$59,534,502,368	\$1,097,916,357	\$875,879,210	\$61,508,297,935	1.1%	0.127



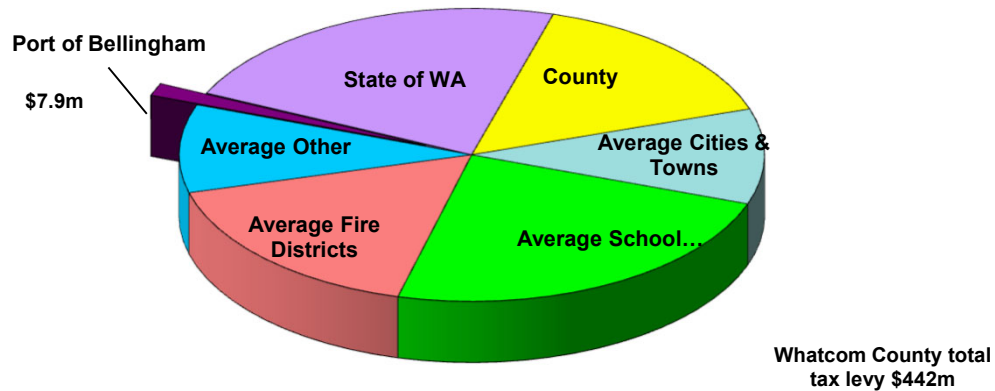
Source: Whatcom County Assessor's Office Tax Booklet online

* Whatcom County does not estimate actual value. Revaluations occur on a market resale basis.
The county is revalued in each four year period by area.

Property Tax Rates
Per \$1,000 of Assessed Value
Direct & Overlapping Governments
Last Ten Years

Year	Port of Bellingham	State of WA	County	Average Cities & Towns	Average School Districts	Average Fire Districts	Average Other	Average Consolidated Total
2015	0.288	2.483	2.728	2.038	4.161	1.080	1.449	11.402
2016	0.276	2.307	2.672	1.685	4.341	1.011	2.056	11.264
2017	0.265	2.234	2.562	1.647	4.320	1.133	1.358	11.416
2018	0.250	3.200	2.505	1.594	4.145	1.145	1.450	12.097
2019	0.228	2.764	2.279	1.451	2.498	1.251	1.321	10.066
2020	0.210	3.069	2.123	1.411	3.126	1.318	1.302	9.671
2021	0.198	3.071	2.013	1.375	3.206	1.273	1.259	8.946
2022	0.181	2.826	1.822	1.225	2.892	1.246	1.851	7.705
2023	0.150	2.423	1.708	1.062	2.527	1.485	1.027	7.264
2024	0.130	2.146	1.467	1.000	2.245	1.594	0.925	7.465

2024 Property Tax Rate per \$1000 Assessed Value



**Computation of Legal Debt Margin
As of December 31, 2024**

INDEBTEDNESS FOR GENERAL PURPOSES

2023 Assessed Value of Taxable Property in the Taxing District \$61,508,297,935

Legal Limit at 3/4 of 1% of Property Value \$461,312,235

GENERAL PURPOSE INDEBTEDNESS INCURRED

Current G.O. Bond Liabilities:

2016 G.O. Bond 815,000

2024 G.O. Bond 14,185,000

Total General Purpose Indebtedness \$15,000,000

Restricted Cash and Investments:

G.O. Bond Cash 5,755

Total \$5,755

Excess Liabilities Over Assets \$14,994,245

Margin of Indebtedness Available \$446,317,989

Margin of Indebtedness Available Without a Vote of the People
(1/4 of 1% of Assessed Value of Property Less Excess Liabilities Over Assets)

Total Margin Available \$138,776,499

Computation of Direct & Overlapping Bonded Debt
General Obligation Bonds
As of December 31, 2024

Jurisdiction	Gross Debt Outstanding	Percentage Applicable to Port of Bellingham	Amount Applicable to Port of Bellingham
Cities and Towns	64,577,017	100.00%	\$64,577,017
Port of Bellingham	15,000,000	100.00%	\$15,000,000
Whatcom County	1,070,000	100.00%	\$1,070,000
Totals	\$80,647,017		\$80,647,017

Source: Whatcom County Treasurer Schedule 9 ID No 251 - General Obligation Bonds

**Revenue Bond Coverage
Last Ten Years**

	Gross	Direct	Net	Net Revenue	Debt Service Requirements			
	Operating	Operating	Non Operating	Available for	Revenue Bonds			Coverage
Year	Revenues	Expenses	Revenues (1)	Debt Service	Principal	Interest	Total	Ratio (2)
2015	\$23,684,729	\$15,943,103	\$4,911,655	\$12,653,281	\$3,760,000	\$2,490,909	\$6,250,909	2.02
2016	\$23,284,778	\$16,740,948	\$4,253,907	\$10,797,737	\$3,915,000	\$2,337,279	\$6,252,279	1.73
2017	\$23,762,442	\$16,714,184	\$4,477,495	\$11,525,753	\$4,080,000	\$2,182,958	\$6,262,958	1.84
2018	\$25,854,643	\$16,759,160	\$5,932,582	\$15,028,065	\$2,870,000	\$1,998,620	\$4,868,620	3.09
2019	\$26,467,347	\$18,020,798	\$5,925,649	\$14,372,198	\$2,965,000	\$1,497,270	\$4,462,270	3.22
2020	\$22,902,388	\$17,050,898	\$8,981,639	\$14,833,129	\$2,105,000	\$1,221,470	\$3,326,470	4.46
2021	\$24,952,827	\$17,595,021	\$6,371,274	\$13,729,080	\$1,880,000	\$1,139,075	\$3,019,075	4.55
2022	\$26,956,028	\$22,464,960	\$18,343,081	\$22,834,149	\$1,960,000	\$1,064,150	\$3,024,150	7.55
2023	\$28,003,501	\$26,734,389	\$14,102,346	\$15,371,458	\$2,050,000	\$972,500	\$3,022,500	5.09
2024	\$27,869,328	\$29,882,947	\$16,166,218	\$14,152,599	\$2,145,000	\$870,000	\$3,015,000	4.69

(1) Net non-operating revenues are calculated exclusive of tax revenues for general obligation debt service, depreciation, environmental remediation, and amortization expense

(2) Coverage ratio was calculated incorrectly in the 2017 ACFR. This table is corrected for all years shown.

**Demographic/Economic Statistics
Whatcom County, Washington
Last Ten Years**

Fiscal Year Ended	Population⁽¹⁾	Per capita personal income⁽²⁾	Non Farm Employment⁽³⁾	Unemployment Rate⁽⁴⁾	School Enrollment⁽⁵⁾
2015	209,790	42,511	88,400	6.0%	26,512
2016	212,540	44,273	90,800	6.0%	27,047
2017	216,300	46,068	93,200	4.9%	27,606
2018	220,350	48,792	93,800	5.0%	28,105
2019	225,300	50,915	96,300	6.3%	29,045
2020	228,000	52,787	89,100	4.9%	27,297
2021	226,300	58,137	93,800	7.8%	27,337
2022	231,650	58,933	97,700	5.3%	27,752
2023	235,800	62,095	96,900	4.3%	27,800
2024	238,000	N/A	96,900	4.9%	27,769

Sources:

- (1) Washington State Office of Financial Management, April 1 estimates
- (2) Bureau of Economic Analysis
- (3) Washington State Employment Security Dept., WA-QB series, not seasonally adjusted
- (4) Washington State Employment Security Dept, Employment Security Department/DATA; U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics
- (5) Superintendent of Public Instruction (P-12, end calendar year)

N/A: Not available at time of publication.

**Ratios of Outstanding Debt
Last Ten Fiscal Years**

Year	Revenue Bonds (net)⁽¹⁾	General Obligation Bonds (net)⁽¹⁾	Notes Payable & other	Total Government Debt	Percentage of personal income	Per Capita
2015	\$42,125,624	\$9,103,512	\$2,115,897	\$53,345,033	0.60%	254.28
2016	\$38,205,595	\$8,169,114	\$3,466,033	\$49,840,742	0.53%	234.50
2017	\$34,134,339	\$7,070,205	\$5,022,887	\$46,227,431	0.46%	213.72
2018	\$31,300,135	\$5,936,777	\$5,845,566	\$43,082,478	0.40%	195.52
2019	\$29,707,259	\$4,772,830	\$5,206,645	\$39,686,734	0.34%	173.12
2020	\$27,597,791	\$4,003,883	\$5,625,267	\$37,226,941	0.31%	163.28
2021	\$25,693,637	\$3,226,117	\$5,033,623	\$33,953,377	0.26%	150.04
2022	\$23,656,060	\$2,439,312	\$3,918,053	\$30,013,425	0.22%	129.56
2023	\$21,320,823	\$1,644,600	\$3,226,522	\$26,191,945	0.25%	110.16
2024	\$18,819,711	\$15,353,875	\$2,548,052	\$36,721,638	N/A	156.29

Source: Port of Bellingham Records

Notes: (1) Net bonds are bond totals less unamortized premiums and discounts

See Schedule 9 for per capita personal income and population data. Local data not yet available for 2023 personal income.

N/A: Not available at time of printing

**Principal Employers of Whatcom County
Current Year and 2015 (9 Years Prior)**

	2024			2015		
	Employees	Rank	Percentage of total county employment	Employees	Rank	Percentage of total county employment
Western Washington University	4,091	1	1.74%	1690	3	1.91%
St Joseph Medical Center	3,728	2	1.59%	2750	1	3.11%
Lummi Nation	1,698	3	0.72%	1781	2	2.01%
Bellingham Public Schools	1,669	4	0.71%	962	4	1.09%
The City of Bellingham	1,124	5	0.48%	825	5	0.93%
Whatcom County	1,007	6	0.43%	809	7	0.92%
BP Cherry Point Refinery	912	7	0.39%	820	6	0.93%
Haggen	715	8	0.30%	262	25	0.30%
Whatcom Community College	688	9	0.29%	237	30	0.27%
LTI, Inc	557	10	0.24%	N/A	N/A	
Total	20,796		6.89%	16,222		

**Number of Employees by Division
Current Year 2024**

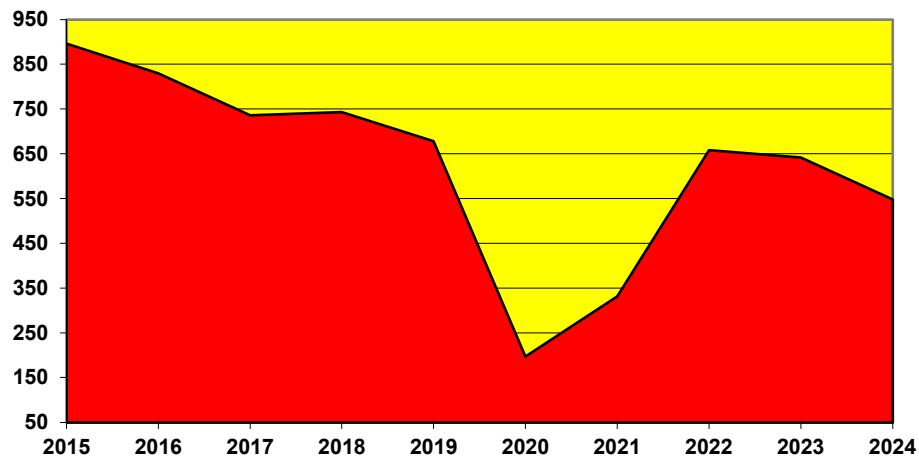
Division	Number of Employees	Percentage of Employees
Aviation	21	15.44%
Marinas*	13	9.56%
Marine Terminals*	8	5.88%
Real Estate	7	5.15%
Planning	2	1.47%
Facilities*	34	25.00%
Administration	24	17.65%
Executive	5	3.68%
Environmental	6	4.41%
Economic Development	3	2.21%
Public Priorities	13	9.56%
Totals	136	100.00%

*Includes temporary, seasonal employees

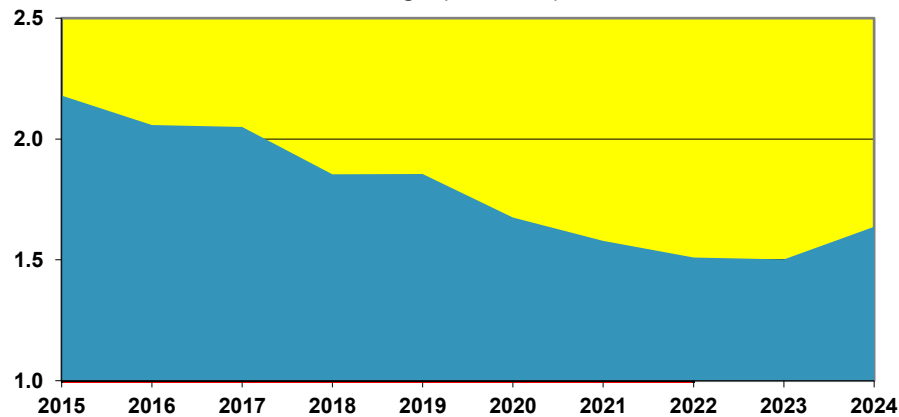
**Bellingham International Airport
Enplaned/Deplaned Passengers and Freight**

Year	Passengers		Total	Freight (pounds)		Total
	Enplaned	Deplaned		Enplaned	Deplaned	
2015	453,502	442,605	896,107	1,337,610	842,853	2,180,463
2016	417,930	411,333	829,263	1,276,332	781,024	2,057,356
2017	373,877	362,076	735,953	1,286,899	762,432	2,049,331
2018	375,463	367,681	743,144	1,257,912	595,660	1,853,572
2019	343,628	334,557	678,185	1,250,639	604,089	1,854,728
2020	99,673	97,151	196,824	1,079,957	594,990	1,674,947
2021	161,764	169,171	330,935	1,049,853	529,240	1,579,093
2022	330,619	326,964	657,583	1,044,513	464,715	1,509,228
2023	322,299	319,357	641,656	1,017,030	484,867	1,501,897
2024	275,033	272,944	547,977	1,009,353	626,801	1,636,154

Passengers (000s)



Freight (million lbs)



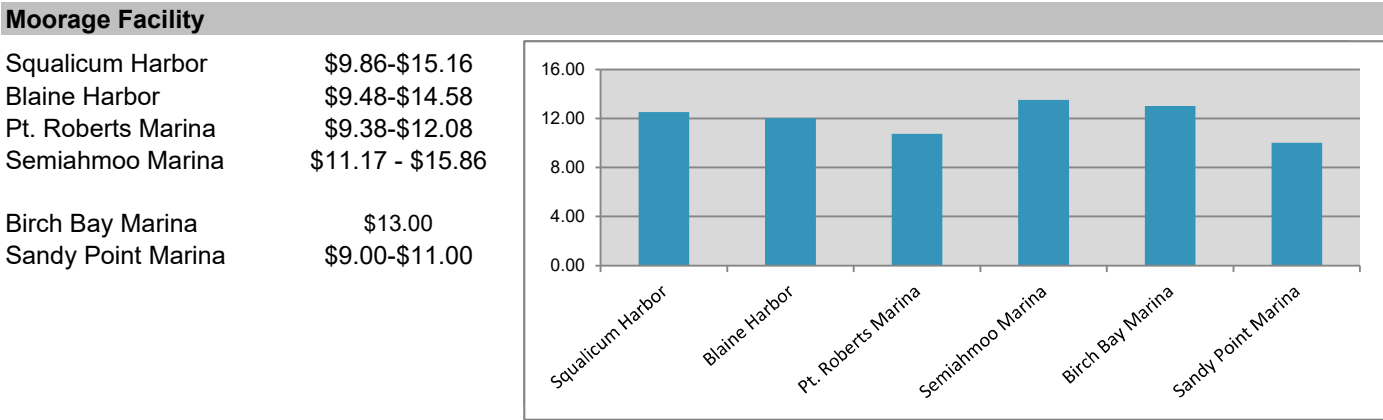
**Bellingham International Airport
Landings and Takeoffs**

Year	Air Carrier	Air Taxi	<u>Itinerant</u> General	<u>Itinerant</u> Military	<u>Local</u> General	<u>Local</u> Military	Total
2015	7,250	11,413	28,895	823	16,235	1,279	65,895
2016	7,514	17,293	32,317	682	24,428	2,352	84,586
2017	6,577	16,524	31,570	456	12,930	1,208	69,265
2018	6,537	14,764	34,099	437	18,150	414	74,401
2019	5,858	11,426	32,505	548	16,119	332	66,788
2020	2,385	9,999	24,068	431	14,890	418	52,191
2021	4,137	15,128	29,791	606	20,323	521	70,506
2022	6,208	13,643	29,629	539	21,663	317	71,999
2023	4,495	11,138	26,962	601	17,680	385	61,261
2024	4,098	10,717	26,483	632	18,660	529	61,119

*Existing Whatcom County Moorage Facilities
as of April 2025

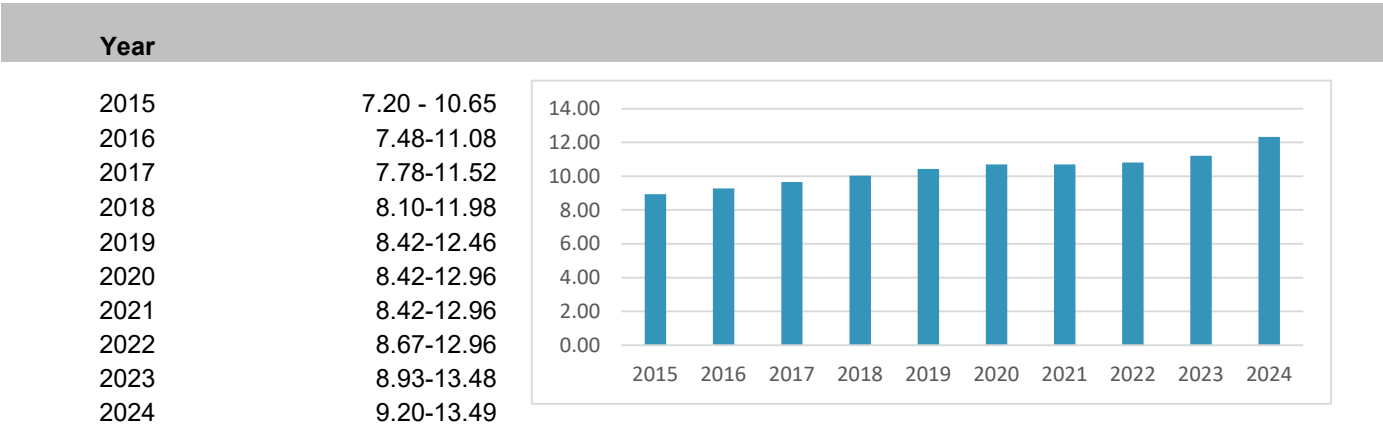
Moorage Facility	No. on Waiting List	Wet Moorage Berths	Wet Moorage Occupancy	Dry Storage Berths	Dry Storage Occupancy	Number Visitor Berths
Squalicum Harbor	425	1,386	98%	0	N/A	1,556 linear feet
Blaine Harbor	107	619	96%	0	N/A	720 linear feet
Pt. Roberts Marina	10	924	60%	0	N/A	220 linear feet
Semiahmoo Marina	0	280	99%	0	N/A	0
Birch Bay Marina (1)	0	265	100%	0	N/A	110 linear feet
Sandy Point Marina (1)	0	72	100%	0	N/A	2- 20' slips
Total	542	3,546		0		

*Current Moorage Rates and Tariffs
as of April 2025 (\$/lin.ft/mo.)



Historical Moorage Rates and Tariffs

at Port Marinas

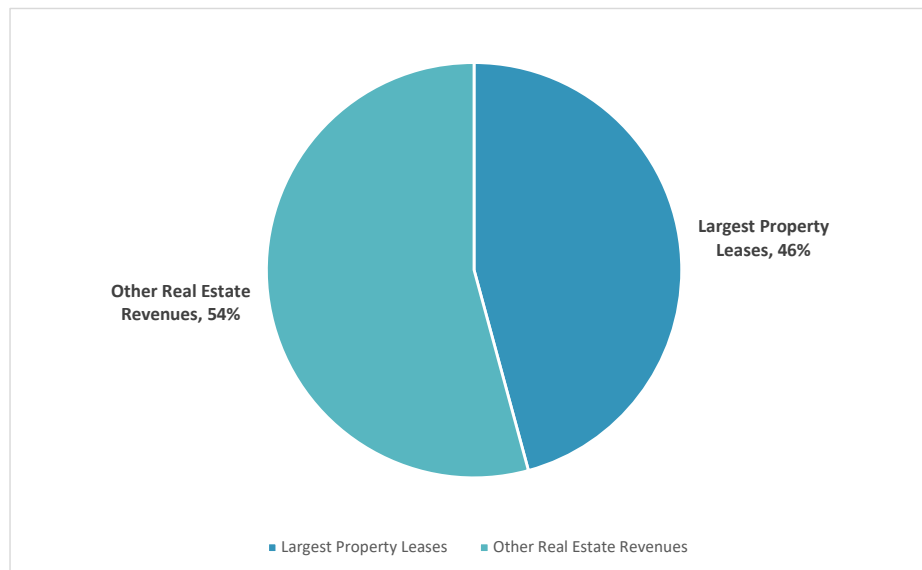


(1) Private residential community. Moorage facilities only made available through purchase of residence.
 (2) All rates are per lineal foot.
 * This information is provided to meet 'Continuing Disclosure' as required under SEC Rule 15c2-12 in accordance with Port of Bellingham Revenue Bond Issues.

2024 Largest Property Leases,⁽¹⁾

And 9 Years Prior

Tenant Name	Type of Activity	2024 Lease Payment	Lease Expires	Renewal Option Yr	Tenant Since
1 LFS, Inc.	Marine Supplier	\$870,764	2028	2032	1997
2 Alaska Marine Highway System	Alaska Ferry	\$792,209	2025	2025	1989
3 Fairhaven Industrial Marine	Marine	\$674,432	2025	2029	2021
4 Woodstone Corporation	Commercial Cooking Equipment Mfg	\$439,609	2046	2081	1999
5 US Customs and Border Protection	Homeland Security	\$436,650	2027	2032	2005
6 Landings at Colony Wharf	Boatyard	\$332,488	2024	2044	2014
7 Seaview Boatyards	Shipyard - North & Fairhaven	\$323,851	2032	2062	2002
8 Bellingham Cold Storage	Cold Storage Warehousing	\$284,122	2023	2033	1962
9 Corvus Energy	Marine battery manufacturer	\$264,000	2025	2027	2022
10 All American Marine	Boat manufacturer	\$249,875	2042	2062	2002
Largest 10 Property Leases		\$4,668,000			
Total Real Estate Revenues⁽²⁾		\$ 10,198,476			
Largest 10 Leases as a Percentage of Total Real Estate Revenues		46%			



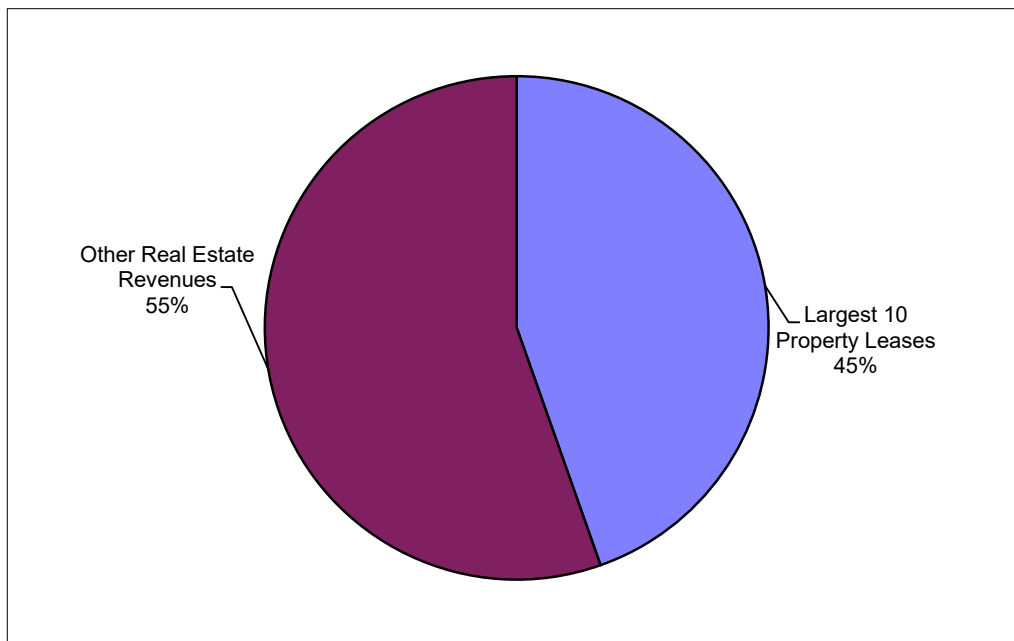
Source: Port of Bellingham Real Estate Division

(1) This information is provided to meet 'Continuing Disclosure' as required under SEC Rule 15c2-12 in accordance with Port of Bellingham Revenue Bond Issues.

(2) Includes Real Estate Revenues, plus all space and land revenues for all other divisions which are not included in the Real Estate Division.

2024 Largest Property Leases,⁽¹⁾**And 9 Years Prior**

Tenant Name	Type of Activity	2016 Lease Payment
1 Puglia Engineering, Inc.	Shipyard	566,043
2 Alaska Marine Highway System	Alaska Ferry	565,541
3 Woodstone Corporation	Commercial Cooking Equipment Mfg	519,648
4 Stork Craft Mfg USA	Product Warehouse	417,342
5 LFS, Inc.	Marine Supplier	364,388
6 US Customs and Border Protection	Homeland Security	344,696
7 Seaview Boatyards	Shipyard - North & Fairhaven	309,299
8 Bellingham Cold Storage	Cold Storage Warehousing	239,139
9 Index Sensors	Electronics Design and Manufacturing	221,438
10 Teal Jones Lumber Services	Lumber Mill	171,889
Largest 10 Property Leases		\$ 3,719,423
Total Real Estate Revenues⁽²⁾		\$ 8,342,386
Largest 10 Leases as a Percentage of Total Real Estate Revenues		45%



Source: Port of Bellingham Real Estate Division

(1) This information is provided to meet 'Continuing Disclosure' as required under SEC Rule 15c2-12 in accordance with Port of Bellingham Revenue Bond Issues.

(2) Includes Real Estate Revenues, plus Storkcraft, and AMHS revenues, which are not included in the Real Estate Division.

**Capital Assets Information
as of December 31, 2024**

Bellingham International Airport

<i>Location:</i>	3 miles NW of Bellingham
<i>Airport Code:</i>	BLI
<i>Runways:</i>	6,701 ft.
<i>Terminal:</i>	105,000 sq. ft.
<i>Parking:</i>	2,717 spaces
<i>International:</i>	International airport of entry

Real Estate

<i>Area:</i>	314 acres
<i>Leaseable office, commercial, and industrial building space:</i>	1,270,000 sq. ft.
<i>Tenants:</i>	250 ⁽¹⁾

Cruise Terminal

<i>Terminal Building</i>	22,950 sq. ft.
<i>Warehouse</i>	27,750 sq. ft.
<i>Berths</i>	3 (with 300 to 450 feet)

Shipping Terminal

<i>Warehouses</i>	2 (with 81,800 sq. ft. of office, warehouse, and covered loading dock space)
<i>Upland storage capability</i>	10 acres
<i>Deep water pier</i>	1,750 ft.

Source: Port of Bellingham Records

Notes: (1) Figure is approximate. Number of tenants fluctuates monthly.