

**Comprehensive  
Annual  
Financial  
Report**

For the fiscal year ended  
December 31

**2018**

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City of Bellevue, Washington

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# **City of Bellevue, Washington**

## **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended December 31, 2018**



**Prepared by the Accounting Team,  
Finance and Asset Management Department**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Year Ended December 31, 2018**  
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# **Introductory Section**



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Bellevue  
Washington**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2017**

*Christopher P. Morill*

Executive Director/CEO



City of  
Bellevue



Post Office Box 90012 • Bellevue, Washington • 98009-9012

June 27, 2019

**Honorable Mayor and City Councilmembers  
City of Bellevue  
Bellevue, Washington 98009-9012**

The City of Bellevue's (the city) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2018, is hereby submitted. The responsibility for the accuracy of the data, the completeness and fairness of the presentation, and all disclosures rests with the city's management. To the best of my knowledge and belief, the enclosed data is accurate in all material respects, and is reported in a manner designed to fairly present the financial position and results of operations of the various funds and agencies of the city. All disclosures necessary to enable the reader to gain an understanding of the city's financial activities have been included.

The management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The letter of transmittal is a complement to the MD&A and should be read in conjunction with it.

### **Profile of the Government**

Incorporated in 1953, the City of Bellevue is the 5th largest of 281 cities in the State of Washington. Bellevue is located on the east shore of Lake Washington. The city encompasses 33.51 square miles and is linked to established transportation corridors. It is 11 miles east of Seattle and 275 miles west of Spokane. Bellevue is 175 miles north of Portland, Oregon, and 230 miles south of Vancouver, Canada.

The City of Bellevue is a noncharter code city, operating under Section 35A of the Revised Code of Washington (RCW). The city is a Council-Manager form of government with a seven-member City Council elected by the voters of the city. City Council members are elected at large, rather than by district, and are responsible for establishing the general guidelines and policies for the city. Each member serves a four-year term. The City Council elects the Mayor and Deputy Mayor from within its ranks. The City Council appoints the City Manager as the city's chief executive officer responsible for carrying out the policies and direction set by the City Council. This includes the enforcement of laws and ordinances, the execution of contracts and agreements, and maintenance of peace and order in the city.

The City of Bellevue provides a full range of local government services. These services include police and fire protection; emergency medical services; construction and maintenance of streets and traditional municipal infrastructure; planning and zoning; park and recreational activities; and cultural events. In addition, the city operates an equipment rental fund and provides sewer, water, and storm and surface water services. Certain city services, such as public safety, utility, information technology, and equipment rental and maintenance, are provided on a fee basis to other governmental agencies and neighboring taxing districts. Conversely, other government agencies provide the city with jail and court services through interlocal agreements. Bellevue residents receive library services from the King County Library System.

### **Discrete Component Unit**

The city is financially accountable for the Bellevue Convention Center Authority (BCCA), which is reported as a discrete component unit of the city. The BCCA accounts for revenues and expenses associated with the operation of Meydenbauer Center. Meydenbauer Center is located in downtown Bellevue and contains a 54,000-square foot convention center and trade show facility, a 410-seat theater, and 434-stall underground parking garage.

## **Economic Condition and Outlook**

The City of Bellevue has a combination of high-quality residential areas, as well as strong retail, financial, high technology, commercial, and light industrial sectors. Over the past two decades, Bellevue's business activity expanded rapidly and the city emerged as a major urban center with a growing and vibrant downtown area. Bellevue's population has grown to an estimated 142,400 (Source: Washington State Office of Financial Management), a 1.2 percent increase over 2017. City planners project that the residential population will rise significantly over the next several years, gaining more than 18,000 new residents, a growth of 11.2 percent, by the year 2035.

The City of Bellevue contains a diversified mix of industries, including department stores, financial institutions, technology firms, automobile dealerships, engineering firms, and manufacturing. The city is headquarters for several businesses, including Puget Sound Energy, T-Mobile, Smartsheet, OfferUp, and Apptio. In 2018, Facebook, The Riveter, Industrious, and Google opened their first offices in Bellevue. The REI headquarters will relocate to Bellevue by 2020 and Amazon will move their operation teams to Bellevue by 2023. Facebook and T-Mobile are also planning to expand their presence in Bellevue.

In 2019, employment is projected to grow 2.4 percent in King County (Source: King County 2018 Q4 Economic Indicator Forecast). Employment within the city's Central Business District is expected to increase with an additional 20,000 jobs, a 42 percent increase, from 2018 to 2035. Employment within the BelRed area is also expected to grow, adding 13,000 jobs, a 67 percent increase, from 2018 to 2035 (Source: City of Bellevue Community Development Department).

The City of Bellevue's 2018 total tax revenue ended 4 percent higher than 2017. Property taxes and Business and Occupation tax were in line with the 2018 forecasted budget. Sales tax was 3.5 percent under budget, primarily due to a one-time audit refund to a large company in Bellevue issued by Department of Revenue that reduced the City of Bellevue's revenue in February. Utility taxes were over budget by 9 percent due to a one-time \$1.2 million amended water utility tax return and higher than projected cell phone and telephone tax. The city is projecting a 2.8 to 4.4 percent growth in tax revenues from 2020 through 2024.

## **Long Term Financial Planning**

In developing the city's biennial budget, the organization follows a number of guiding principles. Foremost is the City Council's long-term policy that quality service programs will be offered by the City of Bellevue.

Other guiding principles include:

- a focus on services that deliver outcomes important to the community and are responsive and accessible to all;
- positioning Bellevue to realize opportunities and enhance the city's image;
- an examination of the entire budget, not just incremental changes from the last budget;
- a commitment to innovation, efficiency, and sound business practice;
- a long-range strategic approach to an affordable and sustainable budget; and
- if expenditure reductions are necessary, service elimination is preferable to poor or marginal quality programs.

The city prepares a six-year financial operational forecast for the General Fund, Parks Fees Fund, Development Services Fund, Storm and Surface Water Utility Fund, Water Utility Fund, and Sewer Utility Fund to ensure that the economic outlook is incorporated into the City of Bellevue's financial planning. The city uses the operational forecasts and the seven-year Capital Investment Program (CIP) Plan as long-term financial planning tools. These planning tools provide valuable information that enables city management to make decisions with greater consideration of the financial consequences.

## **Major Initiatives**

In April 2015, the City Council approved an Amended and Restated Memorandum of Understanding (MOU) with Sound Transit to define city contributions to a downtown Bellevue light rail tunnel and set forth design modifications which minimize impacts of the rail line on Bellevue's neighborhoods. The MOU relates to a portion of the East Link light rail line that will run from Seattle through Bellevue to the Overlake Area of Redmond, Washington. Over 50 percent of the heavy civil construction has been completed on the Bellevue segment of the East Link extension. It is anticipated that one year of startup and testing will begin in 2022, with ridership opening in 2023.

In April 2017, the City Council adopted an ordinance authorizing a \$99.6 million Transportation Infrastructure Finance and Innovation Act (TIFIA) loan to assist with the creation of the BelRed Street Network—a total of 12 multimodal roadways planned to support the new BelRed neighborhood in the heart of the city.

The BelRed Street Network projects will provide:

- Nearly ten new lane-miles of roadway
- 25,000 linear feet of sidewalk
- 21,000 linear feet of bike lane
- More than 5.5 acres of water quality treatment facilities
- Approximately 90 new and upgraded curb ramps, and approximately 90 other pedestrian access improvements, compliant with the Americans with Disabilities Act (ADA).

### **Financial Management and Controls**

City of Bellevue management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the city are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: the cost of a control should not exceed the benefits likely to be derived; and the evaluation of the relative costs and benefits of the control system requires estimates and judgments by management.

#### ***Budget Process Summary***

The City of Bellevue budgets on a biennial basis, with each budget beginning in an odd numbered year. Appropriations for operating funds are authorized for two years but must be reviewed and reauthorized by the City Council in the middle of the biennial period.

The city continues to focus on providing priority government programs, high quality services, and capital investments. During the 2017-2018 budget process, the city employed the Budgeting for Outcomes methodology (Budget One). The Budget One process strives to deliver outcomes that are important to the community and reflects the values and priorities recognized by the City Council and city management. The Outcomes identified by the City Council as community wide priorities include: Safe Community, Improved Mobility and Connectivity, Quality Neighborhoods/Innovative, Vibrant, and Caring Community, Healthy and Sustainable Environment, Economic Growth and Competitiveness, and Responsive Government.

#### ***Budgetary Controls***

The City of Bellevue maintains budgetary controls in accordance with RCW 35A.34. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the budget appropriations established by the City Council. The General Fund and all special revenue funds are included in the biennially appropriated operating budget as listed below, with the exception of the Operating Grants, Donations, and Special Reserves Fund and Housing Fund. These Project length financial plans are adopted for the remaining special revenue, capital, and proprietary funds.

Biennially Budgeted Governmental Funds:

- General Fund
  - Separately-appropriated funds, reported in the General Fund per GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”:
    - Human Services Fund
    - Land Purchase Revolving Fund
    - Development Services Fund
    - Parks Fees Fund
- LEOFF I Medical Reserve Fund
- Park Maintenance & Operations Fund
- Solid Waste Fund
- Hotel/Motel Tax Fund

As demonstrated by the statements and schedules included in the financial section of this report, the city continues to meet its responsibility for sound financial management.

## **Other Information**

### ***Independent Audit***

Washington state law requires an annual audit of the city's financial records and transactions by the Washington State Auditor, an independent elected State official. The audit of the city has now been completed and was performed in conformance with generally accepted auditing standards. The financial statements of all city funds and agencies have been included in this audit. The city has been given an unqualified opinion for 2018. Please see the Auditor's Opinion at the beginning of the Financial Section of this report.

### ***Awards***

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bellevue for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2017. The city has earned this prestigious award for 38 out of 42 CAFR submissions. This was the 35th consecutive annual award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting the 2018 Comprehensive Annual Financial Report to the GFOA to determine its eligibility for the certificate.

The GFOA has also awarded the Distinguished Budget Presentation Award to the City of Bellevue Washington for its 2017-2018 biennial budget document for the 22nd consecutive year/biennium. The GFOA gives this award to those governments whose budget document meets the GFOA's criteria as an effective policy document, operations guide, financial plan, and communication device.

## **Acknowledgements**

Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of Finance and Asset Management Department staff and other employees throughout the city who assisted in and contributed to its preparation. A special note of thanks is given to Diane McPherson, Financial Services Manager, Peter Jenson, Assistant Accounting Manager, Abigail Richardson, Senior Financial Analyst, Nicole Mason, Senior Financial Analyst, and Cheryl Harmon, Financial Analyst, who served as the main CAFR preparers and coordinators. Further appreciation is extended to the City Council and City Management for their fiscal stewardship and policy direction in conducting the financial operations of the City in a sound and progressive manner. Finally, thank you to the Washington State Auditor's Office for their professional assistance during the year.

Respectfully submitted,



Toni Call  
Finance and Asset Management Director

**City Officials and Administrative Staff  
As of December 31, 2018**

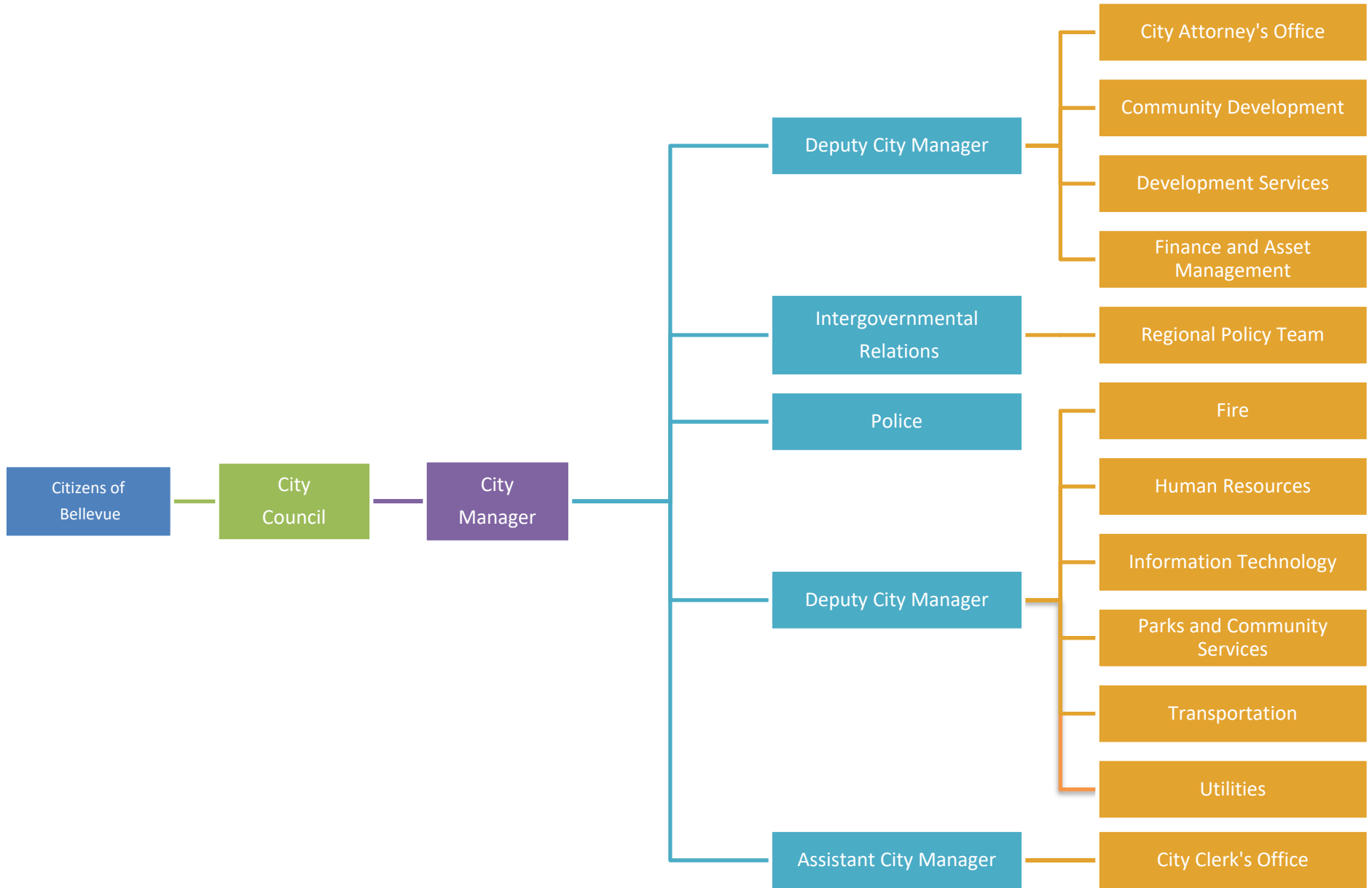
**ELECTED CITY COUNCIL**

Mayor .....	John Chelminiak
Deputy Mayor.....	Lynne Robinson
Councilmembers.....	Conrad Lee Jared Nieuwenhuis Jennifer Robertson John Stokes Janice Zahn

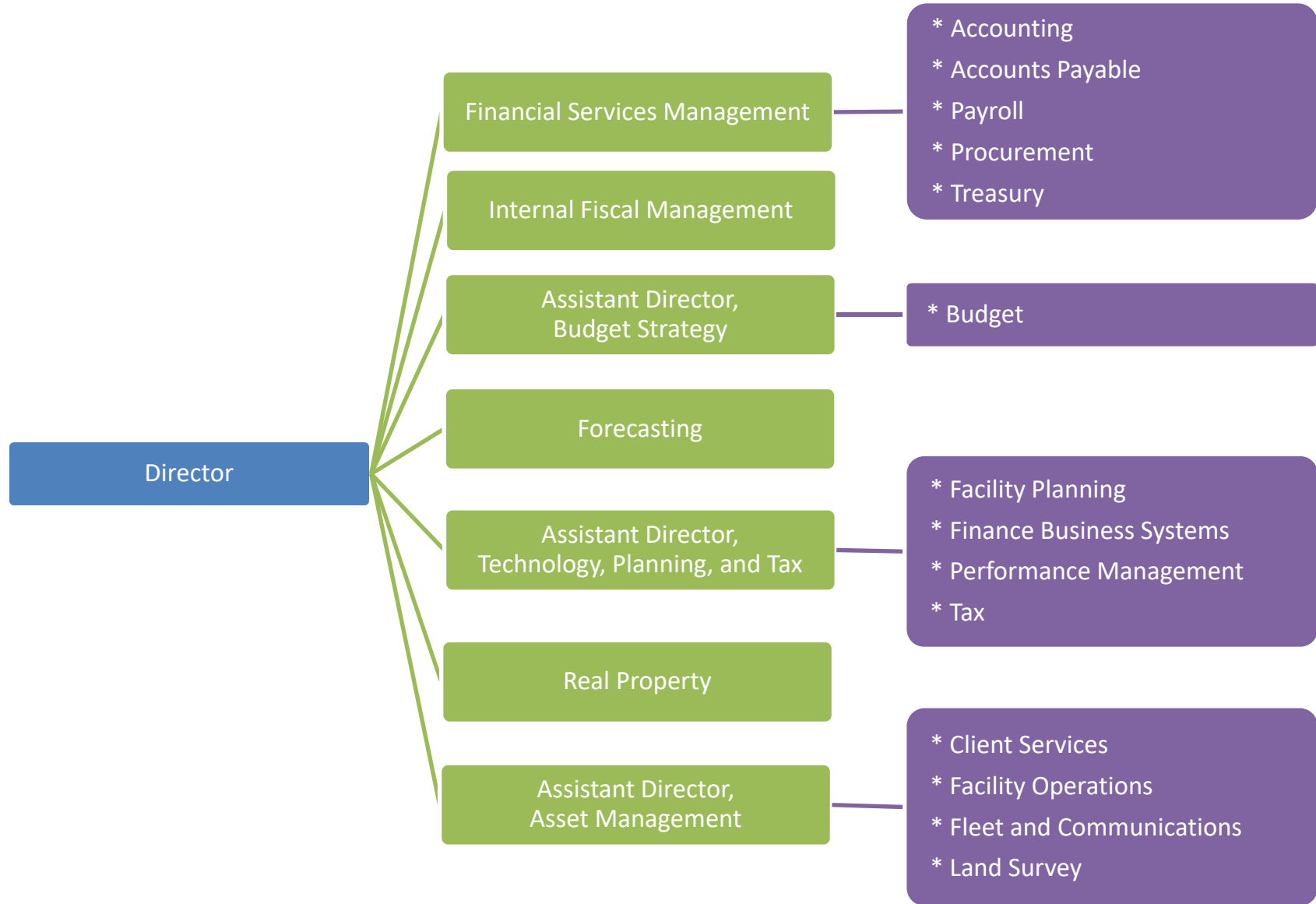
**APPOINTED ADMINISTRATIVE STAFF**

City Manager .....	Brad Miyake
Deputy City Managers .....	Mary Kate Berens Nathan McCommon
Director of Intergovernmental Relations .....	Joyce Nichols
City Attorney (Interim) .....	Nicholas Melissinos
City Clerk .....	Kyle Stannert
Community Development Director .....	Mac Cummins
Development Services Director .....	Mike Brennan
Finance & Asset Management Director .....	Toni Call
Fire Chief.....	Jay Hagen
Human Resources Director.....	Joy St. Germain
Chief Information Officer, Information Technology.....	Sabra Schneider
Parks & Community Services Director.....	Patrick Foran
Police Chief .....	Steve Mylett
Transportation Director.....	Dave Berg
Utilities Director .....	Nav Ota

### City Hierarchical Organization Chart



### Finance and Asset Management Department Organization Chart



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## **Financial Section**

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

**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**

June 27, 2019

Mayor and City Council  
City of Bellevue  
Bellevue, Washington

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Bellevue, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Bellevue, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Matters of Emphasis**

As discussed in Note 1 to the financial statements, in 2018, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

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

### *Supplementary and Other Information*


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

Our audit was conducted for the sole purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory and Statistical Sections are presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we will also issue our report dated June 27, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

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

Pat McCarthy

State Auditor

Olympia, WA

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## Management's Discussion and Analysis

This narrative provides an overview and analysis of the City of Bellevue's financial activities for the fiscal year ended December 31, 2018. The purpose is to highlight significant financial issues, major financial activities and resulting changes in financial position, and economic factors affecting the city. Readers are encouraged to consider the information presented here in conjunction with the information furnished in the letter of transmittal in the introductory section, the financial statements, and the accompanying notes following the narrative.

### Financial Highlights

- The city's total net position increased \$116.1 million, or five-percent, from 2017.
- The city's total revenues increased four-percent from prior year while expenses increased at two-percent.
- Tax revenues increased \$11.6 million and assessed property values increased 14.1 percent since 2017.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Bellevue's basic financial statements. The basic statements include three components: government-wide financial statements; fund financial statements; and notes to the financial statements. This report contains other supplementary information in addition to the basic financial statements and required information.

#### *Government-Wide Financial Statements*

The government-wide financial statements are designed to provide readers with a broad overview of the city's financial position in a manner like that of a private-sector business. These statements are reported on the full accrual basis of accounting. Under the full accrual basis, certain revenues and expenses are reported that will not affect cash flows until future periods.

The government-wide financial statements distinguish governmental activities from business-type activities. Governmental activities of the city, which are principally supported by taxes and revenues from other agencies, include general government, public safety, physical and economic environment, transportation, mental/physical health, and culture and recreation. The city's business-type activities, which are intended to recover all or a significant portion of their costs through user fees and charges, consist of marina operations, water, sewer, and storm and surface water utilities. The component unit consists of the Bellevue Convention Center Authority (BCCA), which operates the Meydenbauer Convention Center.

The Statement of Net Position presents information on all of the city's assets, deferred inflows of resources, liabilities, and deferred outflows of resources. The difference between these is reported as net position. Evaluating increases or decreases over time can serve as a useful indicator of whether the financial position of the city is improving or declining.

The Statement of Activities presents information on the net cost of each governmental and business-type function during the fiscal year. The statement also identifies the amount of general revenues needed to fully fund each governmental function.

#### *Fund Financial Statements*

The Fund Financial Statements focus on major governmental funds and proprietary funds separately. The city's major governmental funds are presented in separate columns and the remaining funds are combined into a column titled Nonmajor Governmental Funds. Statements for the city's proprietary funds and fiduciary funds follow the governmental funds.

The City of Bellevue has two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to account for goods and services provided to citizens. Internal service funds are used to account for goods and services provided internally to city departments.

Fiduciary funds account for assets held by the city in a trustee capacity or as an agent for individuals, private organizations, or other governments. Fiduciary funds are not included in the government-wide financial statements because their assets are not available to support the City of Bellevue's activities. The city has two types of fiduciary funds: a pension fund and fiduciary funds. The accounting for the pension fund is on the accrual basis. Fiduciary funds are custodial in nature and do not include revenues and expenses as they do not measure the results of operations.

***Notes to the Financial Statements***

The notes provide additional information that is essential to the reader for a full understanding of the data provided in the Government-wide and Fund Financial Statements.

***Other Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI):

- Schedule of Changes in the City's Net Pension Liability and Related Ratios- Firefighters' Pension Fund
- Schedule of Contributions- Firefighters' Pension Fund
- Schedule of Investment Returns- Firefighters' Pension Fund
- Schedule of the City's Proportionate Share of Net Pension Liability
- Schedule of City's Contributions
- Schedule of Changes in the City's Total OPEB Liability and Related Ratios
- Schedule of Modified Approach for Reporting Infrastructure Assets
- Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actuals

***Combining Statements***

The combining statements for other governmental funds, internal service funds, and agency-type fiduciary funds are presented immediately following the RSI.

***Statistical Section***

This section includes unaudited trend information and demographics.



**Government-Wide Financial Analysis**

Net position of the city, which increased by \$116.1 million, is summarized in the following table as of December 31, 2018 and December 31, 2017:

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
	(in thousands)					
Current and other assets	\$ 298,443	\$ 248,879	\$ 291,461	\$ 262,324	\$ 589,904	\$ 511,203
Capital assets, net	1,919,330	1,894,446	377,072	356,049	2,296,402	2,250,496
Total assets	2,217,773	2,143,325	668,533	618,373	2,886,306	2,761,698
Deferred outflows	19,248	19,550	1,007	1,402	20,255	20,952
Total deferred outflows	19,248	19,550	1,007	1,402	20,255	20,952
Total assets and deferred outflows	2,237,021	2,162,875	669,540	619,775	2,906,561	2,782,650
Long-term liabilities	367,079	370,607	5,094	9,439	372,173	380,046
Other liabilities	37,517	32,825	4,171	5,242	41,688	38,067
Total liabilities	404,596	403,432	9,265	14,681	413,861	418,113
Deferred inflows	25,743	14,645	2,735	1,787	28,478	16,432
Total deferred inflows	25,743	14,645	2,735	1,787	28,478	16,432
Total liabilities & deferred inflows	430,339	418,077	12,000	16,468	442,339	434,545
Net investment in capital assets	1,661,776	1,626,502	375,075	353,414	2,036,851	1,979,916
Restricted	117,031	112,522	378	804	117,409	113,326
Unrestricted	27,875	5,774	282,087	249,089	309,962	254,863
Total net position	\$ 1,806,682	\$ 1,744,798	\$ 657,540	\$ 603,307	\$ 2,464,222	\$ 2,348,105

**Governmental Activities**

Governmental activities net position increased \$61.9 million. The restricted net position consists of \$61.2 million for CIP projects, \$37.1 million for net pension asset, and the remaining \$18.7 million covers a variety of purposes.

Factors contributing to the changes in net position include:

- Unrestricted cash and pooled investments increased \$38.8 million. The city achieved its reserve target of 15 percent. General CIP expenditures were approximately 39 percent of available budget due to the timing of design, construction, and right of way acquisitions.
- Restricted cash for debt service increased \$6.9 million due to debt service requirements on \$100.0 million debt issued in 2015.
- Due from other governments decreased \$10.1 million. The decrease was related to prior year interlocal agreements for East Link light rail construction, which accounted for \$3.4 million, and fire department agreements for \$4.5 million.
- Capital assets increased \$24.9 million, the result of major development throughout the City of Bellevue.
- Long-term liabilities due in more than one year decreased \$10.7 million resulting from debt service payments on existing debt.
- The net pension liability decreased \$12.2 million and deferred inflows for pensions increased \$10.7 million. The city participates in the State of Washington Department of Retirement Services pension plans and makes all required annual contributions. These state pension plans are well funded compared to other states across the nation. The state's fiduciary net position as a percentage of total pension liability ranges from 63.22 percent to 95.77 percent for PERS plans, and 118.50 percent to 144.42 percent for LEOFF plans.

City of Bellevue, Washington

**Business-Type Activities**

Business-type activities net position increased by \$54.2 million in 2018. Of total net position, \$0.4 million is restricted for utility capital projects and customer deposits, and \$241.6 million of the \$282.1 million in unrestricted net position is reserved by city policy for future infrastructure replacement. Contributing factors of the increase in net position were:

- Total cash increased \$27.6 million as a result of the city’s effort to build reserves for future utility infrastructure replacement according to the utility’s 75-year plan.
- Capital assets increased \$21.0 million, due to infrastructure replacement.
- Net pension liability decreased \$3.8 million.

**Changes in Net Position**

The table below provides condensed information on revenues, expenses and changes in net position with governmental and business-type activities shown separately.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:	(in thousands)					
Program revenues:						
Charges for services	\$ 75,664	\$ 69,902	\$ 152,995	\$ 147,362	\$ 228,659	\$ 217,265
Operating grants & contributions	7,542	7,542	104	-	7,646	7,542
Capital grants & contributions	10,969	20,027	7,644	6,617	18,613	26,644
General revenues:						
Property taxes	57,754	55,907	-	-	57,754	55,907
Sales taxes	78,251	72,981	-	-	78,251	72,981
Other taxes	112,508	108,016	-	-	112,508	108,016
Investment interest	3,459	2,098	4,496	2,857	7,955	4,955
Miscellaneous	5,182	3,829	1,472	2,995	6,654	6,824
<b>Total revenues</b>	<b>351,329</b>	<b>340,302</b>	<b>166,711</b>	<b>159,832</b>	<b>518,040</b>	<b>500,134</b>
Expenses:						
General government	34,751	27,174	-	-	34,751	27,174
Public safety	98,732	94,620	-	-	98,732	94,620
Physical environment	1,194	1,361	-	-	1,194	1,361
Transportation	40,929	43,071	-	-	40,929	43,071
Economic environment	31,259	31,821	-	-	31,259	31,821
Health and human services	6,548	7,492	-	-	6,548	7,492
Culture and recreation	43,080	47,522	-	-	43,080	47,522
Unallocated interest on long-term debt	11,097	11,686	-	-	11,097	11,686
Water utility	-	-	49,899	45,722	49,899	45,722
Sewer utility	-	-	50,623	47,913	50,623	47,913
Storm & surface water utility	-	-	11,973	15,020	11,973	15,020
Marina	-	-	154	349	154	349
<b>Total expenses</b>	<b>267,590</b>	<b>264,745</b>	<b>112,649</b>	<b>109,004</b>	<b>380,239</b>	<b>373,750</b>
Excess (deficiency) before transfers	83,739	75,556	54,062	50,828	137,801	126,384
Transfers	(171)	48	171	(48)	-	-
Increase (decrease) in net position	83,568	75,605	54,233	50,780	137,801	126,384
Net position - beginning	1,744,798	1,669,644	603,307	552,537	2,348,105	2,222,180
Prior period adjustment	(21,684)	(451)	-	(10)	(21,684)	(461)
<b>Net position - ending</b>	<b>\$ 1,806,682</b>	<b>\$1,744,798</b>	<b>\$ 657,540</b>	<b>\$ 603,307</b>	<b>\$ 2,464,222</b>	<b>\$2,348,105</b>

**Governmental Activities**

Net position of Governmental activities increased \$61.9 million.

Total revenues increased \$11.0 million, contributing to the net position increase for governmental activities. The highlights of which are:

*Program revenues – charges for services*

- Transportation increased \$3.9 million due to an increase in impact fees from capital development in the city.
- Public Safety increased \$1.3 million, as a result of an increase in interlocal service agreements for emergency aid.

*Program revenues –grants and contributions*

- Transportation capital grants and contributions decreased \$10.0 million due to prior year contributions from Sound Transit related to the construction of the East Link light rail through Bellevue.
- Culture and recreation capital grants and contributions decreased \$2.2 million related to prior year grants and contributions for the Downtown Park Inspiration Playground.

*General revenues*

- Property tax increased \$1.8 million due to new property construction and increasing the rate by 1 percent.
- Business and Occupations taxes increased \$4.3 million largely due to business activity.
- Sales and remaining taxes increased \$5.5 million as a result of a growing economy.

Total expenses increased \$2.8 million. Highlights of programmatic changes are:

- General government increased \$7.6 million due to general cost increases overall.
- Public safety increased \$4.1 million, of which \$2.5 million was related to personnel costs.
- Culture and recreation decreased \$4.4 million due to a reduction of the city’s pension expense.

**Business-Type Activities**

Business-type activities net position increased by \$54.2 million for utilities and marina activities in 2018.

The revenues for business-type activities increased \$6.9 million while expenses increased \$3.6 million. The highlights of this activity are:

*Water Utility*

- Charges for services increased \$2.8 million for water utility services due mainly to rate increases.
- Depreciation expense increased \$1.6 million due new infrastructure.
- Due to an audit refund, the water utility fund transferred the utility tax percentage to the General Fund. This was an increase of \$1.8 million from 2017.

*Sewer Utility*

- Charges for services increased \$1.7 million for sewer utility services due mainly to rate increases.
- Depreciation expense increased \$1.9 million due new infrastructure.

*Storm and Surface Water Utility*

- Revenues did not fluctuate significantly between 2017 and 2018. However, expenses did decrease \$3.0 million, which contributed to the growth in net position. This majority of this change was due to a decrease in depreciation expense of \$2.6 million.

*Marina*

- Fluctuations in the Marina fund from 2017 to 2018 were insignificant.

## Financial Analysis of the Government's Funds

### Governmental Funds

The General Fund ending fund balance of \$69.0 million is an increase of \$6.8 million from the restated fund balance of 2017. Tax revenues increased \$4.5 million and licenses and permits increased \$1.0 million, representing a strong regional economy.

The General Capital Investment Program Fund has an ending fund balance of \$88.3 million. This represents an increase of \$18.8 million from 2017. Revenues decreased \$7.1 million related to prior year contributions for the construction of the East Link light rail. Capital outlay expenditures decreased by \$25.5 million, of which transportation decreased \$27.5 million, and culture and recreation decreased \$6.7 million due to the completion of several large projects in the prior year.

### Business-Type Funds

The Storm and Surface Water Utility net position increased \$15.7 million and unrestricted net position increased from 2017 by \$6.8 million in an effort to build reserves for future infrastructure replacement.

The Water Utility net position increased \$20.9 million. Unrestricted net position increased \$11.2 million, partly due to reserve increases for future infrastructure replacement.

The Sewer Utility net position increased \$17.1 million over 2017. Unrestricted net position increased \$14.8 million due to reserve increases for future infrastructure replacement.

### Capital Asset Activity

The City of Bellevue's investment in capital assets for the end of 2018 was \$2.3 billion, net of depreciation, which was an increase of \$45.9 million from the previous year. The following table shows the balances by category for governmental activities, business activities, and the city as a whole.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
	(in thousands)					
Land	\$ 864,704	\$ 848,833	\$ 24,989	\$ 24,989	\$ 889,693	\$ 873,822
Buildings	143,688	150,248	13,110	14,661	156,798	164,909
Improvements other than buildings	32,930	34,831	-	-	32,930	34,831
Machinery and equipment	24,052	23,451	5,973	4,890	30,024	28,341
Leasehold improvements	2,478	2,891	-	-	2,478	2,891
Infrastructure	824,011	803,426	271,148	257,331	1,095,159	1,060,757
Intangible assets	158	634	52	56	210	690
Construction in progress	27,309	30,135	61,801	54,122	89,110	84,257
Total	<u>\$ 1,919,330</u>	<u>\$1,894,448</u>	<u>\$ 377,072</u>	<u>\$ 356,049</u>	<u>\$ 2,296,402</u>	<u>\$2,250,497</u>

### Governmental Activities

Capital assets from governmental activities increased \$24.9 million. Key elements of this change are as follows:

- Land increased \$15.9 million mainly due to the acquisition of land for Fire Station 10 and properties in the Spring District.
- Roadway infrastructure expansion and improvements increased \$24.2 million. The completion of Spring Boulevard, Zone 1B, spanning from 116<sup>th</sup> through 120<sup>th</sup> Avenue, accounted for \$20.2 million of the increase. The remaining balance was additions to roadways around the City of Bellevue.
- Buildings decreased \$6.6 million related to current year depreciation.

The city has elected to report its transportation infrastructure capital assets using the modified approach. The modified approach is an alternative to the standard depreciation model normally used to report the usage of capital assets as an expense. The modified approach requires that the city have an up-to-date inventory of eligible infrastructure assets;

City of Bellevue, Washington

perform condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale; and estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the city. For many years, the city has performed a biennial condition assessment of its transportation infrastructure, which is published in a bound document. In the off-years, the assessment computation is provided by the city’s Pavement Management System.

The city has classified its transportation infrastructure capital assets into two systems: arterial roadways and residential roadways. The standard performance rating for the two systems is noted below:

	<u>Satisfactory</u>	<u>Unsatisfactory</u>
Arterial:	50 - 100	0 - 49
Residential:	30 - 100	0 - 29

The average condition and satisfaction ratings have not changed significantly over the previous year. The city’s minimum acceptable condition levels have been defined as having at least 60 percent of arterial roadways, and 75 percent of residential roadways at or above satisfactory condition.

**Business-type Activities**

The Utilities Department is in the process of the annual replacement of a portion of the city’s aging infrastructure which is expected to stabilize costs for the future. The net increase of \$21.0 million in capital assets was related to completed infrastructure projects and construction projects currently underway, tempered by depreciation for existing assets. Highlights of some of the major projects underway or completed are:

- Replace NE 8<sup>th</sup> Street Culvert has incurred \$2.3 million
- Lower Coal Creek Flood Hazard has incurred \$3.5 million
- East Central Business District Sewer Trunk Line Improvement completed, totaling \$4.2 million
- The annual asbestos cement water main replacement totaled \$7.8 million

For more detailed information about the City of Bellevue's capital assets please refer to Note 6: Capital Assets.

**Debt Outstanding**

At year-end, the city had \$280.6 million in debt outstanding, which is a decrease of \$11.0 million. All debt outstanding is for governmental activities. The proceeds of debt are used to fund capital projects.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(in thousands)					
General obligation bonds	\$ 280,299	\$ 290,768	\$ -	\$ 477	\$ 280,299	\$ 291,245
Other long-term debt	319	358	-	-	319	358
Total	<u>\$ 280,618</u>	<u>\$ 291,126</u>	<u>\$ -</u>	<u>\$ 477</u>	<u>\$ 280,618</u>	<u>\$ 291,603</u>

**Governmental Activities**

Over the past five years, the city issued general obligation (GO) debt of \$98.9 million, which included \$7.7 million for BCCA capital projects. The remainder is to fund city capital projects. Of the bonded debt outstanding at December 31, 2018, \$10.3 million is due within one year.

**Business-type Activities**

The Business-type activities do not have outstanding debt. The utilities funds are building reserves to pay for repair and replacement of infrastructure assets, in lieu of issuing new debt.

**Debt Capacity**

Washington State statutes limit the amount of debt a governmental entity may issue to 7.5 percent of its total assessed valuation, subject to a 60 percent majority vote of qualified electors. Of the 7.5 percent limit, 2.5 percent is for general purposes, 2.5 percent for open space/park facilities, and 2.5 percent for utilities. Non-voted general-purpose indebtedness is limited to 1.5 percent of assessed valuation and the combination of voted and non-voted general-purpose indebtedness cannot exceed 2.5 percent of assessed valuation.

City of Bellevue, Washington

The city's assessed valuation for 2018 was \$56.3 billion and the total amount of additional debt the city may issue is \$3.9 billion. This debt capacity is categorized as follows (in thousands):

General debt	\$ 1,121,062
Open space/Parks facilities	1,408,732
Utilities	1,408,732
Total	<u>\$ 3,938,526</u>

**Bond Rating**

The City of Bellevue has favorable bond ratings which will provide for lower borrowing costs in the future. The bond ratings for 2018 are:

<u>Bond Type:</u>	<u>Standard and Poor's</u>	<u>Moody's</u>
Unlimited Tax General Obligation	AAA	Aaa
Limited Tax General Obligation	AAA	Aa1
Revenue	N/A	Aa1

In September 2018, Standard and Poor's and in April 2017 Moody's both affirmed the AAA rating for the Unlimited Tax General Obligation. For more detailed information about the City of Bellevue's long-term debt please refer to Note 13: Long-Term Liabilities.

**Budgetary Highlights and Economic Factors**

The overall 2017-2018 biennial budget totals \$1.6 billion, which includes \$1.0 billion in total operating budget expenditures, \$65.0 million in special purpose expenditures, and \$493.0 million for the 2017-2018 portion of the General and Utilities Capital Investment Program (CIP).

The adopted operating budget grows reserves to ensure the city can face the challenges of delivering high-quality municipal services during unprecedented growth, and the increasing urbanization of Bellevue. The CIP budget was adopting to continue existing programs, include funding for discrete Council priority projects, and prepares the city in the event that additional resources are secured for transportation infrastructure.

Some highlights from the 2017-2018 budget include:

- A one percent property tax increase in 2018;
- Continuation in funding the Council priorities, including increased funding for economic development, smart cities, Eastside Rail Corridor and early implementation of the Grand Connection; and completes Phase I of Meydenbauer Park and Downtown Park Circle;
- Additional funding towards community investments in Eastside Pathways, a Multi-Cultural Feasibility Study, and a new affordable housing contingency, held until further direction by Council;
- Met many of the city's infrastructure priorities, including maintaining existing infrastructure, parks levy projects, transportation and mobility improvements, and neighborhood programs;
- Increased the city's reserves to better position the City for anticipated shortfalls in the Operating Budget in the mid-term and to protect the city in the case of an economic downturn; and
- An adjustment of permit, inspection, and review rates to account for inflation, and increases to the utility rates to address aging infrastructure, wholesale costs, and implementation of automated meter reading.

**Request for Information**

The city's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the city's finances and to demonstrate the city's accountability. If you have questions about the report or need additional financial information, please contact the city's Finance and Asset Management Director at P.O. Box 90012, Bellevue, WA 98009.

# **Basic Financial Statements**

**Statement of Net Position**  
**As of December 31, 2018**  
(in thousands)

Page 1 of 2

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bellevue Convention Center Authority
Assets:				
Cash & equity in pooled investments	\$ 136,594	\$ 270,332	\$ 406,926	\$ 12,314
Receivables (net of allowances):				
Taxes	33,228	-	33,228	-
Accounts	7,939	18,793	26,732	696
Interest	896	1,139	2,035	-
Due from other governments	2,428	95	2,523	2,065
Other	3	14	17	102
Internal balances	20	(20)	-	-
Inventory	897	665	1,562	102
Prepays	2	-	2	248
Restricted cash & equity in pooled investments:				
For debt service	14,917	-	14,917	4,528
For capital projects	61,240	141	61,381	-
For customer deposits	-	238	238	1,008
Noncurrent assets:				
Net pension asset	37,070	-	37,070	-
Noncurrent receivables	3,209	64	3,273	-
Capital assets:				
Land	864,704	24,989	889,693	-
Depreciable capital assets (net)	203,306	19,134	222,440	34,083
Depreciable infrastructure (net)	30,601	271,148	301,749	-
Nondepreciable infrastructure	793,410	-	793,410	-
Construction in progress	27,309	61,801	89,110	391
Total assets	2,217,773	668,533	2,886,306	55,536
Deferred outflows of resources:				
Loss on debt refunding	9,786	-	9,786	-
For pensions	9,462	1,007	10,469	-
Total deferred outflows	19,248	1,007	20,255	-
Total assets and deferred outflows	2,237,021	669,540	2,906,561	55,536

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



**Statement of Net Position**  
**As of December 31, 2018**  
(in thousands)

Page 2 of 2

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bellevue Convention Center Authority
Liabilities:				
Accounts payable	\$ 6,480	\$ 2,937	\$ 9,417	\$ 236
Retainage payable	-	-	-	17
Accrued payroll	8,184	829	9,013	247
Other accrued liabilities	4,564	26	4,590	110
Deposits payable	2,881	-	2,881	-
Unearned revenue	11,298	-	11,298	-
Other current liabilities	19	-	19	-
Accrued bond interest payable	1,072	-	1,072	6,552
Liabilities payable from restricted assets:				
Customer deposits	281	238	519	869
Accounts payable	2,496	-	2,496	-
Retainage payable	242	141	383	-
Noncurrent liabilities:				
Due within one year	17,922	301	18,223	1,193
Due in more than one year	281,623	703	282,326	38,857
Net pension liability	38,987	4,090	43,077	-
Other post employment benefits	28,547	-	28,547	-
Total liabilities	404,596	9,265	413,861	48,081
Deferred inflows of resources:				
For debt	-	-	-	1
For pensions	25,366	2,735	28,101	-
For other	377	-	377	-
Total deferred inflows	25,743	2,735	28,478	1
Total liabilities and deferred inflows	430,339	12,000	442,339	48,081
Net position:				
Net investment in capital assets	1,661,776	375,075	2,036,851	26,759
Restricted for:				
Debt service	103	-	103	3,915
Capital projects	61,240	140	61,380	-
General government	574	-	574	-
Public safety	1,344	-	1,344	-
Physical environment	1,413	-	1,413	-
Economic environment	281	-	281	-
Health and human services	7,844	-	7,844	-
Culture and recreation	7,162	-	7,162	-
Net pension asset	37,070	-	37,070	-
Customer deposits	-	238	238	-
Unrestricted	27,875	282,087	309,962	(23,220)
Total net position	\$ 1,806,682	\$ 657,540	\$ 2,464,222	\$ 7,455

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

**Statement of Activities**  
**For the Year Ended December 31, 2018**  
(in thousands)

Page 1 of 2

<b>Functions/Programs</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants &amp; Contributions</b>	<b>Capital Grants &amp; Contributions</b>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 34,751	\$ 3,295	\$ 35	\$ 185
Public safety	98,732	23,994	2,904	229
Physical environment	1,194	742	554	2,233
Transportation	40,929	15,224	2,595	5,688
Economic environment	31,259	17,873	111	-
Health and human services	6,548	3,048	1,049	1,145
Culture and recreation	43,080	11,488	294	1,489
Interest on long-term debt	11,097	-	-	-
<b>Total governmental activities</b>	<b>267,590</b>	<b>75,664</b>	<b>7,542</b>	<b>10,969</b>
Business-type activities:				
Water utility	49,899	64,373	-	4,087
Sewer utility	50,623	63,479	-	2,019
Storm and surface water utility	11,973	24,490	104	1,538
Marina	154	653	-	-
<b>Total business-type activities</b>	<b>112,649</b>	<b>152,995</b>	<b>104</b>	<b>7,644</b>
<b>Total primary government</b>	<b>\$ 380,239</b>	<b>\$ 228,659</b>	<b>\$ 7,646</b>	<b>\$ 18,613</b>
<b>Component units:</b>				
Bellevue Convention Center Authority	17,226	21,138	-	-
<b>Total component unit</b>	<b>\$ 17,226</b>	<b>\$ 21,138</b>	<b>\$ -</b>	<b>\$ -</b>

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

**Statement of Activities**  
**For the Year Ended December 31, 2018**  
(in thousands)

Page 2 of 2

<b>Functions/Programs</b>	<b>Net Expense, Revenue and Changes in Net Position</b>			
	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Bellevue Convention Center Authority</b>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ (31,236)	\$ -	\$ (31,236)	\$ -
Public safety	(71,605)	-	(71,605)	-
Physical environment	2,335	-	2,335	-
Transportation	(17,422)	-	(17,422)	-
Economic environment	(13,275)	-	(13,275)	-
Health and human services	(1,306)	-	(1,306)	-
Culture and recreation	(29,809)	-	(29,809)	-
Interest on long-term debt	(11,097)	-	(11,097)	-
Total governmental activities	<u>(173,415)</u>	<u>-</u>	<u>(173,415)</u>	<u>-</u>
Business-type activities:				
Water utility	-	18,561	18,561	-
Sewer utility	-	14,875	14,875	-
Storm and surface water utility	-	14,159	14,159	-
Marina	-	499	499	-
Total business-type activities	<u>-</u>	<u>48,094</u>	<u>48,094</u>	<u>-</u>
Total primary government	<u>(173,415)</u>	<u>48,094</u>	<u>(125,321)</u>	<u>-</u>
<b>Component units:</b>				
Bellevue Convention Center Authority	-	-	-	3,913
Total component unit	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,913</u>
General revenues:				
Property tax	57,754	-	57,754	-
Retail sales and use tax	78,251	-	78,251	-
Utility tax	29,036	-	29,036	-
Business and occupation tax	47,811	-	47,811	-
Excise taxes	20,951	-	20,951	-
Hotel/Motel tax	12,645	-	12,645	-
Other taxes	2,065	-	2,065	-
Payments from component unit	11	-	11	-
Grants & contributions - unrestricted	1,398	-	1,398	-
Unrestricted investment interest	3,459	4,496	7,955	284
Gain (loss) in change of fair value	341	432	773	-
Miscellaneous	750	1,041	1,791	-
Gain on sale of capital assets	2,682	(1)	2,681	-
Transfers	(171)	171	-	-
Total general revenues and transfers	<u>256,983</u>	<u>6,139</u>	<u>263,122</u>	<u>284</u>
Change in net position	83,568	54,233	137,801	4,196
Net position at beginning of year	1,744,798	603,307	2,348,105	3,259
Change in accounting principle	(21,684)	-	(21,684)	-
Net position at end of year	<u>\$ 1,806,682</u>	<u>\$ 657,540</u>	<u>\$ 2,464,222</u>	<u>\$ 7,455</u>

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

**Balance Sheet**  
**Governmental Funds**  
**As of December 31, 2018**  
(in thousands)

	General Fund	General CIP	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash & equity in pooled investments	\$ 72,606	\$ 83,264	23,830	\$ 179,700
Receivables (net of allowances):				
Taxes	22,398	9,151	1,679	33,228
Accounts	6,324	1,115	500	7,939
Interest & penalties on assessments	-	-	2	2
Interest	304	354	100	758
Due from other governments	631	698	1,050	2,379
Prepays	2	-	-	2
Notes/contracts receivable	16	-	-	16
Housing rehabilitation loans receivable	-	-	3,193	3,193
Special assessments receivable	-	-	15	15
<b>Total assets</b>	<b>\$ 102,281</b>	<b>\$ 94,582</b>	<b>30,369</b>	<b>\$ 227,232</b>
<b>Liabilities:</b>				
Accounts payable	\$ 5,106	\$ 2,495	\$ 238	\$ 7,839
Retainage payable	20	217	-	237
Due to other funds	73	-	-	73
Due to component unit	-	-	1,421	1,421
Due to other governments	586	2,285	-	2,871
Accrued payroll	7,533	19	43	7,595
Accrued taxes	260	5	-	265
Deposits payable	2,659	-	1	2,660
Other current liabilities	18	1	-	19
Unearned Revenue	11,298	-	-	11,298
<b>Total liabilities</b>	<b>27,553</b>	<b>5,022</b>	<b>1,703</b>	<b>34,278</b>
<b>Deferred inflows:</b>				
For grants	-	-	624	624
For taxes	5,185	159	-	5,344
For debt	-	-	17	17
For other	576	1,099	185	1,860
<b>Total deferred inflows</b>	<b>5,761</b>	<b>1,258</b>	<b>826</b>	<b>7,845</b>
<b>Total liabilities and deferred inflows</b>	<b>33,314</b>	<b>6,280</b>	<b>2,529</b>	<b>42,123</b>
<b>Fund balance:</b>				
Nonspendable	2	-	-	2
Restricted	2,762	61,240	15,959	79,961
Committed	-	2,201	-	2,201
Assigned	22,010	24,861	11,881	58,752
Unassigned	44,193	-	-	44,193
<b>Total fund balance</b>	<b>68,967</b>	<b>88,302</b>	<b>27,840</b>	<b>185,109</b>
<b>Total liabilities, deferred inflows, and fund balance</b>	<b>\$ 102,281</b>	<b>\$ 94,582</b>	<b>\$ 30,369</b>	<b>\$ 227,232</b>

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

**Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
As of December 31, 2018  
(in thousands)**

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

Total governmental fund balances		\$	185,109
Capital assets used in governmental activities are not financial resources and These assets consist of:			
Land			864,704
Depreciable capital assets			329,435
Depreciable infrastructure			191,569
Construction in progress			27,309
Non-depreciable infrastructure			793,410
Accumulated depreciation			<u>(309,683)</u>
Total capital assets			1,896,744
Material inventory			286
Net pension assets (NPA) is reported as an asset in the governmental activities and is not considered to represent a financial asset; it is not reported in the governmental funds balance sheet:			
Net Pension Asset			37,070
Deferred outflows			
Loss on debt refunding		9,786	
For pensions		<u>8,479</u>	
Total deferred outflows			18,265
Unearned revenue for future facilities bookings			
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported in the funds. These long-term liabilities consists of:			
Bonds payable		(280,299)	
Notes payable		(319)	
Accrued bond interest payable		(1,072)	
Net pension liabilities		(32,957)	
Compensated absences		(11,171)	
OPEB obligation payable		<u>(28,547)</u>	
Total long-term liabilities			(354,365)
Deferred inflow of resources:			
For grants		234	
For tax		4,845	
For debt		17	
For pensions		(23,175)	
For other		<u>1,872</u>	
Total deferred inflows of resources			(16,207)
Internal service funds are used by management to charge the costs of certain activities, such as equipment rental, self-insurance, information technology and facility services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			
			<u>39,780</u>
Net position of governmental activities		<u>\$</u>	<u>1,806,682</u>

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2018**  
(in thousands)

	<b>General Fund</b>	<b>General CIP</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
Revenues:				
Taxes and special assessments	\$ 159,599	\$ 71,278	\$ 13,255	\$ 244,132
Licenses and permits	10,948	-	-	10,948
Intergovernmental	22,383	8,510	3,954	34,847
Service charges and fees	28,004	9,647	841	38,492
Fines and forfeitures	2,261	-	-	2,261
Interest and penalties	1,128	1,370	396	2,894
Net change in fair value of investments	120	129	38	287
Rent	5,045	139	-	5,184
Judgments and settlements	1	-	10	11
Premiums/contributions	14	840	1,524	2,378
Other	270	522	529	1,321
<b>Total revenues</b>	<b>229,773</b>	<b>92,435</b>	<b>20,547</b>	<b>342,755</b>
Expenditures:				
Current:				
General government	19,167	527	10,631	30,325
Public safety	98,547	167	3,349	102,063
Physical environment	173	-	1,034	1,207
Transportation	26,921	8,781	259	35,961
Economic environment	37,219	1,267	931	39,417
Health and human services	5,699	-	887	6,586
Culture and recreation	33,852	3,840	204	37,896
Debt service:				
Principal	-	40	9,835	9,875
Interest and fiscal charges	-	25	12,111	12,136
Capital outlay:				
General government	36	7	-	43
Public safety	99	10,272	40	10,411
Transportation	-	15,484	-	15,484
Culture and recreation	-	14,488	-	14,488
<b>Total expenditures</b>	<b>221,713</b>	<b>54,898</b>	<b>39,281</b>	<b>315,892</b>
Excess (deficiency) of revenues over (under) expenditures	8,060	37,537	(18,734)	26,863
Other financing sources (uses):				
Transfers in	5,185	323	25,262	30,770
Transfers out	(9,357)	(19,982)	(2,330)	(31,669)
Sale of capital assets	2,879	-	-	2,879
Issuance of long-term debt	-	908	-	908
<b>Total other financing sources and uses</b>	<b>(1,293)</b>	<b>(18,751)</b>	<b>22,932</b>	<b>2,888</b>
Net change in fund balance	6,767	18,786	4,198	29,751
Fund balance at beginning of year	48,597	69,516	23,642	141,755
Prior period adjustment	13,603	-	-	13,603
Restated fund balance at beginning of year	62,200	69,516	23,642	155,358
<b>Fund balance at end of year</b>	<b>\$ 68,967</b>	<b>\$ 88,302</b>	<b>\$ 27,840</b>	<b>\$ 185,109</b>

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

**Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
As of December 31, 2018  
(in thousands)**

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

Net change in fund balances - total governmental funds \$ 29,751

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful life as depreciation expense. This is the difference between capital outlays and adjustments in the current period. This is comprised of:

Capital outlays	41,090	
Current year depreciation	<u>(17,632)</u>	
Total capital outlay expenditures		23,458

Change in net pension asset (348)

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

This is comprised of:

Tax and assessment revenues	4,262	
Grant revenues	(879)	
Contributions	<u>1,646</u>	
Total revenues		5,029

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets yet, repayment of long-term debt is an expenditure in the governmental funds the repayment reduces long-term liabilities in the statement of net assets.

This amount is comprised of:

Long-term debt repayments	9,867	
Amortization of bond premium	1,624	
Gain/loss on bond refunding	<u>(537)</u>	
Total debt proceeds and repayments		10,954

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This amount is comprised of:

Accrued interest expense	(47)	
Pollution remediation obligation	203	
TIFIA	(908)	
Net pension liability	12,412	
Amortization of net OPEB obligation	2,713	
Accrued compensated absence expense	(669)	
Inventory adjustment	<u>414</u>	
Total other long-term liabilities		14,118

Internal service funds are used by management to charge the cost of certain activities, such as equipment rental, self-insurance, information technology and facility services to the individual funds. The net revenue (expense) of these internal service funds is reported with governmental activities.

Change in net position of governmental activities		<u>\$ 83,568</u>
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**Statement of Fund Net Position**  
**Proprietary Funds**  
**As of December 31, 2018**  
(in thousands)

Page 1 of 4

	<u>Storm &amp; Surface Water Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>
Assets:			
Current assets:			
Cash & equity in pooled investments	\$ 78,142	\$ 92,956	\$ 98,889
Receivables (net of allowances):			
Accounts	3,377	4,551	10,862
Interest	329	393	416
Other	2	-	-
Notes/contracts receivable	-	-	7
Due from other funds	-	-	-
Due from other governments	-	80	15
Inventory	101	471	93
Restricted cash & equity in pooled investments:			
Capital projects	6	132	2
Customer deposits	1	190	47
Total current assets	<u>81,958</u>	<u>98,773</u>	<u>110,331</u>
Noncurrent assets:			
Notes/contracts receivable	-	4	60
Capital Assets:			
Capital assets (net)	<u>93,768</u>	<u>161,048</u>	<u>112,569</u>
Total noncurrent assets	<u>93,768</u>	<u>161,052</u>	<u>112,629</u>
Total assets	<u>175,726</u>	<u>259,825</u>	<u>222,960</u>
Deferred outflow of resources:			
For pensions	<u>400</u>	<u>338</u>	<u>270</u>
Total deferred outflows	<u>400</u>	<u>338</u>	<u>270</u>
Total assets and deferred outflows	<u>176,126</u>	<u>260,163</u>	<u>223,230</u>



**Statement of Fund Net Position**  
**Proprietary Funds**  
**As of December 31, 2018**  
(in thousands)

Page 2 of 4

	<b>Nonmajor Enterprise Fund - Marina</b>	<b>Total</b>	<b>Governmental Activities - Internal Service Funds</b>
Assets:			
Current assets:			
Cash & equity in pooled investments	\$ 344	\$ 270,332	\$ 32,944
Receivables (net of allowances):			
Accounts	4	18,793	1
Interest	1	1,141	139
Other	5	7	3
Notes/contracts receivable	-	7	-
Due from other funds	-	-	93
Due from other governments	-	95	48
Inventory	-	665	611
Restricted cash & equity in pooled investments:			
Capital projects	-	140	-
Customer deposits	-	238	-
<b>Total current assets</b>	<b>354</b>	<b>291,418</b>	<b>33,839</b>
Noncurrent assets:			
Notes/contracts receivable	-	64	-
Capital Assets:			
Capital assets (net)	9,687	377,072	22,688
<b>Total noncurrent assets</b>	<b>9,687</b>	<b>377,136</b>	<b>22,688</b>
<b>Total assets</b>	<b>10,041</b>	<b>668,554</b>	<b>56,527</b>
Deferred outflow of resources:			
For pensions	-	1,008	984
<b>Total deferred outflows</b>	<b>-</b>	<b>1,008</b>	<b>984</b>
<b>Total assets and deferred outflows</b>	<b>10,041</b>	<b>669,562</b>	<b>57,511</b>

**Statement of Fund Net Position**  
**Proprietary Funds**  
**As of December 31, 2018**  
(in thousands)

Page 3 of 4

	<b>Storm &amp; Surface Water Utility</b>	<b>Water Utility</b>	<b>Sewer Utility</b>
Liabilities:			
Current liabilities:			
Accounts payable	482	1,837	617
Estimated claims	-	-	-
Due to other funds	6	8	6
Due to other governments	-	-	-
Accrued payroll	223	361	245
Accrued compensated absences	92	107	102
Liabilities payable from restricted assets:			
Customer deposits	1	190	47
Retainage payable	6	132	2
Total current liabilities	<u>810</u>	<u>2,635</u>	<u>1,019</u>
Noncurrent liabilities:			
Accrued compensated absences	215	251	238
Estimated claims	-	-	-
Net pension liability	2,468	917	706
Total noncurrent liabilities	<u>2,683</u>	<u>1,168</u>	<u>944</u>
Total liabilities	<u>3,493</u>	<u>3,803</u>	<u>1,963</u>
Deferred Inflows			
For pensions	795	1,076	806
Total deferred inflows	<u>795</u>	<u>1,076</u>	<u>806</u>
Total liabilities and deferred inflows	<u>4,288</u>	<u>4,879</u>	<u>2,769</u>
Net position:			
Net investment in capital assets	93,405	159,926	112,055
Restricted for:			
Customer deposits	1	190	47
Capital projects	6	132	2
Unrestricted	78,426	95,036	108,357
Total net position	<u>\$ 171,838</u>	<u>\$ 255,284</u>	<u>\$ 220,461</u>

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

**Statement of Fund Net Position**  
**Proprietary Funds**  
**As of December 31, 2018**  
(in thousands)

Page 4 of 4

	<b>Nonmajor Enterprise Fund - Marina</b>	<b>Total</b>	<b>Governmental Activities - Internal Service Funds</b>
Liabilities:			
Current liabilities:			
Accounts payable	1	2,937	1,147
Estimated claims	-	-	3,958
Due to other funds	-	20	-
Due to other governments	26	26	8
Accrued payroll	-	829	588
Accrued compensated absences	-	301	281
Liabilities payable from restricted assets:			
Customer deposits	-	238	3
Retainage payable	-	140	5
Total current liabilities	<u>27</u>	<u>4,491</u>	<u>5,990</u>
Noncurrent liabilities:			
Accrued compensated absences	-	704	655
Estimated claims	-	-	2,864
Net pension liability	-	4,091	6,030
Total noncurrent liabilities	<u>-</u>	<u>4,795</u>	<u>9,549</u>
Total liabilities	<u>27</u>	<u>9,286</u>	<u>15,539</u>
Deferred Inflows			
For pensions	59	2,736	2,192
Total deferred inflows	<u>59</u>	<u>2,736</u>	<u>2,192</u>
Total liabilities and deferred inflows	<u>86</u>	<u>12,022</u>	<u>17,731</u>
Net position:			
Net investment in capital assets	9,690	375,075	22,683
Restricted for:			
Customer deposits	-	238	3
Capital projects	-	140	-
Unrestricted	265	282,087	17,094
Total net position	<u>\$ 9,955</u>	<u>\$ 657,540</u>	<u>\$ 39,780</u>

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

**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2018**  
(in thousands)

Page 1 of 2

	<b>Storm &amp; Surface Water Utility</b>	<b>Water Utility</b>	<b>Sewer Utility</b>
Operating revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Service charges and fees	24,486	64,356	63,476
Rent	-	-	-
Insurance recovery	-	-	-
Premiums/contributions	-	-	-
Other	-	10	-
Total operating revenues	<u>24,486</u>	<u>64,366</u>	<u>63,476</u>
Operating expenses:			
Administrative and general	2,261	15,796	6,062
Maintenance and operations	7,440	29,585	41,145
Depreciation	2,268	4,512	3,412
Insurance costs	-	-	-
Benefits and claims payments	-	-	-
Total operating expenses	<u>11,969</u>	<u>49,893</u>	<u>50,619</u>
Operating income (loss)	12,517	14,473	12,857
Nonoperating revenues (expenses):			
Interest income	1,356	1,520	1,612
Net change in fair value of investments	125	149	158
Interest expense	-	-	-
Rental income	20	486	417
Gain on disposal of capital assets	(1)	-	-
Other nonoperating revenues	104	104	15
Total nonoperating revenue (expenses)	<u>1,604</u>	<u>2,259</u>	<u>2,202</u>
Income before contributions and transfers	14,121	16,732	15,059
Special items, contributions and transfers:			
Transfers in	69	51	51
Transfers out	-	-	-
Capital contributed from external sources	<u>1,538</u>	<u>4,087</u>	<u>2,019</u>
Total special items, contributions and transfers	<u>1,607</u>	<u>4,138</u>	<u>2,070</u>
Change in net position	15,728	20,870	17,129
Net position beginning of year	<u>156,110</u>	<u>234,414</u>	<u>203,332</u>
Net position end of year	<u>\$ 171,838</u>	<u>\$ 255,284</u>	<u>\$ 220,461</u>

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

**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2018**  
(in thousands)

Page 2 of 2

	<b>Nonmajor Enterprise Fund - Marina</b>	<b>Total</b>	<b>Governmental Activities - Internal Service Funds</b>
Operating revenues:			
Intergovernmental	\$ -	\$ -	\$ 155
Service charges and fees	-	152,318	34,787
Rent	653	653	2,282
Insurance recovery	-	-	429
Premiums/contributions	-	-	26,630
Other	-	10	7
<b>Total operating revenues</b>	<b>653</b>	<b>152,981</b>	<b>64,290</b>
Operating expenses:			
Administrative and general	-	24,119	11,032
Maintenance and operations	139	78,309	23,565
Depreciation	14	10,206	5,001
Insurance costs	-	-	6,724
Benefits and claims payments	-	-	18,235
<b>Total operating expenses</b>	<b>153</b>	<b>112,634</b>	<b>64,557</b>
Operating income (loss)	500	40,347	(267)
Nonoperating revenues (expenses):			
Interest income	8	4,496	571
Net change in fair value of investments	-	432	54
Interest expense	(2)	(2)	-
Rental income	-	923	-
Gain on disposal of capital assets	-	(1)	(82)
Other nonoperating revenues	-	223	28
<b>Total nonoperating revenue (expenses)</b>	<b>6</b>	<b>6,071</b>	<b>571</b>
Income before contributions and transfers	506	46,418	304
Special items, contributions and transfers:			
Transfers in	-	171	1,558
Transfers out	-	-	(1,312)
Capital contributed from external sources	-	7,644	56
<b>Total special items, contributions and transfers</b>	<b>-</b>	<b>7,815</b>	<b>302</b>
Change in net position	506	54,233	606
Net position beginning of year	9,449	603,307	39,174
<b>Net position end of year</b>	<b>\$ 9,955</b>	<b>\$ 657,540</b>	<b>\$ 39,780</b>

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

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2018**  
(in thousands)

Page 1 of 4

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Storm &amp; Surface Water Utility</b>	<b>Water Utility</b>	<b>Sewer Utility</b>
Cash flows from operating activities:			
Cash received from customers and users	\$ 24,670	\$ 64,062	\$ 64,021
Contributions received - employer/employees	-	-	-
Cash received from insurance proceeds	-	-	-
Cash payments to suppliers for goods and services	(5,920)	(37,015)	(39,283)
Cash payments to employees for services	(6,219)	(10,485)	(8,635)
Cash payments to claimants	-	-	-
Cash received from other governments	-	-	-
Cash received from contracts/rent	-	-	-
Cash payments for insurance	-	-	-
Other receipts	123	590	432
Net cash provided by operating activities	<u>12,654</u>	<u>17,152</u>	<u>16,535</u>
Cash flows from noncapital financing activities:			
Transfers in	69	51	51
Transfers out	-	-	-
Net cash provided (used) by noncapital financing activities	<u>69</u>	<u>51</u>	<u>51</u>
Cash flows from capital & related financing activities:			
Acquisition and construction of capital assets	(9,828)	(12,075)	(5,388)
Principal paid on revenue bonds and other debt	-	-	-
Interest paid on revenue bonds and other debt	-	-	-
Cash contributions in aid of construction	361	2,112	1,114
Contributed Connection Contracts	-	-	118
Net cash used by capital financing activities	<u>(9,467)</u>	<u>(9,963)</u>	<u>(4,156)</u>
Cash flows from investing activities:			
Interest on investments	1,414	1,579	1,657
Net cash provided (used) by investing activities	<u>1,414</u>	<u>1,579</u>	<u>1,657</u>
Net increase (decrease) in cash balance	4,670	8,819	14,087
Cash & equity in pooled investments - beginning of year	73,479	84,459	84,851
Cash & equity in pooled investments - end of year	<u>78,149</u>	<u>\$ 93,278</u>	<u>\$ 98,938</u>
Cash & equity in pooled investments at end of year consist of:			
Unrestricted	78,142	92,956	98,889
Restricted	7	322	49
Total cash & equity in pooled investments	<u>78,149</u>	<u>\$ 93,278</u>	<u>\$ 98,938</u>

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

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2018**  
(in thousands)

Page 2 of 4

	<b>Business-Type Activities -</b>		<b>Governmental Activities - Internal Service Funds</b>
	<b>Enterprise Funds</b>		
	<b>Nonmajor Enterprise Fund - Marina</b>	<b>Total</b>	
Cash flows from operating activities:			
Cash received from customers and users	\$ 706	\$ 153,459	\$ 35,393
Contributions received - employer/employee	-	-	26,630
Cash received from insurance proceeds	-	-	429
Cash payments to suppliers for goods and services	(260)	(82,478)	(14,570)
Cash payments to employees for services	-	(25,339)	(20,527)
Cash payments to claimants	-	-	(18,385)
Cash received from other governments	-	-	(47)
Cash received from contracts/rent	-	-	2,282
Cash payments for insurance	-	-	(6,724)
Other receipts	-	1,145	29
Net cash provided by operating activities	<u>446</u>	<u>46,787</u>	<u>4,509</u>
Cash flows from noncapital financing activities:			
Transfers in	-	171	1,558
Transfers out	-	-	(1,312)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>171</u>	<u>246</u>
Cash flows from capital & related financing activities:			
Acquisition and construction of capital assets	-	(27,291)	(6,450)
Principal paid on revenue bonds and other debt	(478)	(478)	-
Interest paid on revenue bonds and other debt	4	4	-
Cash contributions in aid of construction	-	3,587	-
Contributed Connection Contracts	-	118	-
Net cash used by capital financing activities	<u>(474)</u>	<u>(24,060)</u>	<u>(6,450)</u>
Cash flows from investing activities:			
Interest on investments	8	4,658	608
Net cash provided (used) by investing activities	<u>8</u>	<u>4,658</u>	<u>608</u>
Net increase (decrease) in cash balance	(20)	27,556	(1,087)
Cash & equity in pooled investments - beginning of year	364	243,154	34,029
Cash & equity in pooled investments - end of year	<u>\$ 344</u>	<u>\$ 270,711</u>	<u>\$ 32,944</u>
Cash & equity in pooled investments at end of year consist of:			
Unrestricted	344	270,332	32,944
Restricted	-	378	-
Total cash & equity in pooled investments	<u>\$ 344</u>	<u>\$ 270,711</u>	<u>\$ 32,944</u>

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

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2018**  
(in thousands)

Page 3 of 4

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Storm &amp; Surface Water Utility</b>	<b>Water Utility</b>	<b>Sewer Utility</b>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 12,517	\$ 14,473	\$ 12,857
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	2,268	4,512	3,412
Other receipts	123	590	432
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(19)	(291)	236
(Increase) decrease in due from other funds	-	51	-
(Increase) decrease in due from other governments	-	(80)	(15)
(Increase) decrease in other receivables	-	-	-
(Increase) decrease in contracts receivable	-	-	30
(Increase) decrease in inventory	(16)	(56)	12
(Increase) decrease in deferred outflow	154	138	95
Increase (decrease) in accounts payable	(324)	(927)	426
Increase (decrease) in retainage payable	2	(82)	2
Increase (decrease) in wages & benefits payable	(73)	9	5
Increase (decrease) in compensated absences	(27)	(51)	(23)
Increase (decrease) in due to other funds	(178)	(543)	(435)
Increase (decrease) in due to other governments	-	(2)	-
Increase (decrease) in customer deposits	-	14	2
Increase (decrease) in estimated claims payable	-	-	-
Increase (decrease) in deferred inflows	-	-	-
Increase (decrease) in pension liability	(1,977)	392	(795)
Increase (decrease) in unearned revenue	204	(995)	294
Total adjustments	<u>137</u>	<u>2,679</u>	<u>3,678</u>
Net cash provided by operating activities	<u>\$ 12,654</u>	<u>\$ 17,152</u>	<u>\$ 16,535</u>
Noncash investing, capital and financing activities:			
Contributions of capital assets	\$ 1,177	\$ 1,975	\$ 786
Increase (decrease) in fair value of investments	\$ 125	\$ 149	\$ 158



**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2018**  
(in thousands)

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	<b>Business-Type Activities -</b>		<b>Governmental</b>	
	<b>Enterprise Funds</b>			<b>Activities -</b>
	<b>Nonmajor</b>	<b>Total</b>		
	<b>Enterprise Fund -</b>		<b>Service Funds</b>	
	<b>Marina</b>			
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 500	\$ 40,347	\$ (267)	
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	14	10,206	5,001	
Other receipts	-	1,145	28	
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	(74)	120	
(Increase) decrease in due from other funds	-	51	(97)	
(Increase) decrease in due from other governments	-	(95)	368	
(Increase) decrease in other receivables	(6)	(6)	-	
(Increase) decrease in contracts receivable	-	30	-	
(Increase) decrease in inventory	-	(60)	(55)	
(Increase) decrease in deferred outflow	-	387	164	
Increase (decrease) in accounts payable	(122)	(946)	(15)	
Increase (decrease) in retainage payable	-	(78)	(8)	
Increase (decrease) in wages & benefits payable	-	(59)	(38)	
Increase (decrease) in compensated absences	-	(101)	(55)	
Increase (decrease) in due to other funds	1	(1,155)	-	
Increase (decrease) in due to other governments	-	(2)	3	
Increase (decrease) in customer deposits	-	16	-	
Increase (decrease) in estimated claims payable	-	-	(151)	
Increase (decrease) in deferred inflows	-	-	794	
Increase (decrease) in pension liability	58	(2,322)	(1,284)	
Increase (decrease) in unearned revenue	-	(497)	-	
Total adjustments	(54)	6,440	4,776	
Net cash provided by operating activities	<u>\$ 446</u>	<u>\$ 46,787</u>	<u>\$ 4,509</u>	
Noncash investing, capital and financing activities:				
Contributions of capital assets	\$ -	\$ 3,938	\$ -	
Increase (decrease) in fair value of investments	\$ -	\$ 432	\$ 54	

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

**Statement of Fiduciary Net Position**  
**As of December 31, 2018**  
(in thousands)

	<b>Firefighters' Pension</b>	<b>Fiduciary Funds</b>
Assets:		
Cash & equity in pooled investments:		
U.S. Agency Coupon Securities	\$ 5,549	\$ 7,951
Local Government Investment Pool	406	582
Municipal Bonds	343	492
U.S. Treasury Debt Obligations	336	482
Opus DD Account	137	196
Certificate of Deposit	68	98
Interest receivable	29	42
Due from other governments	-	1,628
Capital assets (net)	-	125
Total assets	6,868	11,596
Liabilities:		
Accounts payable	4	31
Due to other governments	-	11,499
Deposits payable	-	66
Total liabilities	4	11,596
Net Position:		
Net position restricted for pensions	6,864	-
Total net position	\$ 6,864	\$ -

**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended December 31, 2018**  
(in thousands)

	<b>Firefighters' Pension Fund</b>
Additions:	
Investment income:	
Interest	\$ 121
Net change in fair value of investments	11
Other contributions:	
Contributions from nonemployers	217
Total additions	349
Deductions:	
Benefit payments	356
Administrative	15
Total deductions	371
Net increase in net position	(22)
Net position beginning of year	6,886
Net position end of year	\$ 6,864

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# **Notes to the Basic Financial Statements**

## **Note 1: Summary of Significant Accounting Policies**

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

### **Reporting Entity**

The City of Bellevue was incorporated on April 1, 1953 and operates under the laws of the state of Washington applicable to the Council-Manager form of government.

As required by GAAP, the financial statements present the City of Bellevue, the primary government, and its component unit. There are no instances in which factors other than financial accountability are so significant in the relationship between an organization and the city that the exclusion of such organization would be misleading.

### **Discretely Presented Component Unit**

The Bellevue Convention Center Authority (BCCA) is a public corporation formed on December 4, 1989, by the City of Bellevue, for the purpose of developing, constructing, and operating the Meydenbauer Convention Center.

The BCCA is governed by a seven-member board that are appointed by the Bellevue City Manager and serve at the pleasure of the City Manager and City Council. The BCCA's revenue bonds are secured by hotel/motel tax revenues and other revenues of the city available without a vote of the city's electors. The city is fiscally accountable for the debt service payments on the BCCA's revenue bonds. The BCCA is an enterprise fund and is presented in a separate column in the government-wide financial statements.

Audited financial statements for the BCCA can be obtained from the Meydenbauer Center, Finance Department, 11100 NE 6th Street, Bellevue, WA 98004.

### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. To the extent possible, the effect of interfund overhead activity has been removed from these statements. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component unit.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions that are restricted to meeting the operational or capital requirements of a function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The fiduciary funds are not included in the government-wide financial statements. Major individual governmental funds and all individual enterprise funds are reported as separate columns in the fund financial statements.

### **Basis of Accounting**

The government-wide, proprietary, and fiduciary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grant revenue is recognized when all the eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized when both measurable and available. Revenues are considered available when they are collectible during the current period or soon enough thereafter to pay current liabilities. For the City of Bellevue, this period is considered to be the first 60 days after the end of the fiscal period. Property tax, sales tax, business and occupation tax, utility tax, franchise tax, grant reimbursements, and interest are associated with the current fiscal period and are considered susceptible to accrual. These have been recognized as revenues of the current period. Expenditures are recognized when a liability is incurred, as under accrual accounting, with the exception of principal and interest on long-term debt and compensated absences, which are recorded when paid.

### **Major Governmental Funds**

The General Fund is the general operating fund of the city and accounts for all activities not accounted for in another fund. There are four legally adopted funds which do not meet the criteria for separate financial reporting and are reported in the General Fund. Those funds are as follows: Human Services Fund, Land Purchase Revolving Fund, Parks Fees Fund, and Development Services Fund.

The General Capital Investment Program (CIP) Fund administers governmental capital improvement projects. These projects are supported by a designated portion of the city's sales taxes, business and occupation taxes, bonds, grants, special levies, TIFIA, real estate excise tax, contributions, transportation impact fees, and other revenue sources authorized by the City Council.

### **Major Proprietary Funds**

The proprietary fund statements distinguish operating revenues and expenses from non-operating items within the city's enterprise and internal service funds. Operating revenues and expenses in the proprietary funds result from providing services, and producing and delivering goods in connection with the funds' principal ongoing operations. Operating expenses for proprietary funds include operating and maintenance costs, administrative expenses, taxes, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the city's policy to use restricted resources first, then unrestricted resources.

#### ***Enterprise Funds***

The city maintains three major enterprise funds: the Storm and Surface Water Utility Fund, the Water Utility Fund, and the Sewer Utility Fund. These funds account for the operations, capital improvement, and debt service activities of the respective utilities. The city also recognizes as operating revenue utility connection fees charged when connecting new customers to the water and sewer systems.

#### ***Internal Service Funds***

The city uses internal service funds to account for the equipment and fleet operations and replacement; general government facilities management; operations and replacement of software applications and information systems hardware; self-insurance for workers' compensation, unemployment compensation, health benefits, and general property and casualty losses. City departments are charged as internal customers for sales and service, rentals, vehicle replacement, and insurance related to the funds' operating activities.

### **Fiduciary Funds**

Fiduciary funds are used to account for assets held by the city in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. Fiduciary funds use the economic resources measurement focus and the accrual basis of accounting, with the exception of agency funds which have no measurement focus but do employ the accrual basis of accounting for purposes of asset and liability recognition.

The Firefighters' Pension Fund accounts for a single-employer, defined benefit system established under Washington State law to provide pension benefits for eligible firefighters. Although this pension plan has subsequently been replaced by the Washington State's Law Enforcement Officers' and Fire Fighters' Retirement Plan, firefighters hired prior to March 1, 1970 continue to be eligible for benefits under the provisions of the earlier law. Revenues received by the fund include proceeds of a state-imposed tax on fire insurance premiums.

Fiduciary funds account for assets held by the city as an agent for joint, inter-governmental operations through inter-local agreements. Fiduciary funds are custodial in nature and do not involve the measurement of the results of operations.

The city complies with all applicable GASB pronouncements and GAAP hierarchy as prescribed by GASB.

### **New Accounting Standards**

In June 2015, GASB issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement replaces the requirements of Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", as amended, and Statement No. 57 "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans," for OPEB. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. The city implemented this standard as of December 31, 2018.

In March 2017, GASB issued Statement No. 85, "Omnibus 2017," to address practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurements and application, and postemployment benefits. This statement specifically addresses:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation;
- Reporting amounts previously reported as goodwill and "negative" goodwill;
- Classifying real estate held by insurance entities;
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost;
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus;
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements;
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB;
- Classifying employer-paid member contributions for OPEB;
- Simplifying certain aspects of the alternative measurement method for OPEB; and
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The city implemented the relevant aspects of this standard as of December 31, 2018.

In June 2018, GASB issued Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period," (a) to enhance relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. This statement established accounting requirements for interest costs incurred before the end of a construction period. The city early-implemented this standard as of December 31, 2018.

### **Budget and Basis of Accounting**

In accordance with RCW 35A.34, the city adopts budgets for all operating funds. These budgets are prepared in accordance with GAAP. Appropriations for operating funds are authorized for two years but must be reviewed and reauthorized by the City Council in the middle of the biennial period. The operating funds include the General Fund; all special revenue funds, except the Operating Grants, Donations, and Special Reserves Fund and the Housing Fund; all internal service funds; and all utility operating funds.

The City Council adopts appropriation ordinances for all other funds, including the Operating Grants, Donations, and Special Reserves Fund and the Housing Fund, on a project-length basis as needed. Appropriation ordinances are adopted for debt service funds only when debt is authorized for issue. These appropriations do not lapse and are adjusted as part of the budget process. Because these non-operating budgets primarily serve a management control



function and related appropriations are continuing in nature, no comparison between budgeted and actual amounts is provided in the statements and note disclosures.

Legal budgetary control is established at the fund level, where expenditures may not exceed the total appropriation amount. Fund balance at the beginning of the year is considered an available resource and included in the expenditure appropriation authority, but not necessarily appropriated at the program level and identifiable in the Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual presented in the Required Supplementary Information. The City Manager may authorize transfers of appropriations within a fund, but the City Council must approve by ordinance any increase or decrease in total fund appropriations.

## **Assets, Liabilities and Net Position or Fund Balance**

### ***Cash and Equity in Pooled Investments***

Under the city's investment policy, all temporary cash surpluses are invested. Monies from all city funds are internally pooled for investment purposes. These pooled investments are reported on the financial statements as cash and equity in pooled investments. Interest earned on the pooled investments is prorated to individual funds on the basis of their average cash balance.

Since all of the city's investments are internally pooled and the participating funds use the pool as if it were a demand deposit account, the proprietary funds' equity in pooled investments is considered cash for cash flow reporting purposes.

The city is authorized by Washington State law to purchase certificates of deposit issued by Washington State depositories that participate in a state insurance pool managed by the Washington Public Deposit Protection Commission; investment deposits (Municipal Investor Account) in a qualified public depository located in the State of Washington; U.S. Treasury and Agency securities; banker's acceptances trading in the secondary market; Washington State Treasurer's Local Government Investment Pool; and repurchase agreements with dealers that use authorized securities as collateral. Administrative costs of the Local Government Investment Pool are included in investment interest earnings and allocated to all funds of the city. The amount applicable to a single fund is not significant, nor readily identifiable.

Although Washington State law also allows pension trust funds to be invested in certain public corporation debt instruments and equities, the city has taken a conservative approach in this area and invests related funds under the more restrictive policies, which govern its general investment operations. As further discussed in Note 4: Cash and Equity in Pooled Investments, city policy requires all investments, including repurchase agreements, to be in the lowest risk category, which is defined as insured investments in the city's name held by the city or the trust department of the city's depository bank.

In accordance with GASB Statement No. 72 "Fair Value Measurement and Application", money market investments, and participating interest-earning investment contracts with a remaining maturity of one year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value. The fair value of the investment is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Investments in the Washington State Treasurer's Investment Pool are available on demand in the amount of the original investment plus interest earnings and are treated as a money-market investment on the city's records. Accordingly, the fair value of the city's position in the Washington State Treasurer's Investment Pool is the same as the value of the city's shares in the investment pool.

### ***Restricted Assets***

Restricted assets shown in the government-wide Statement of Net Position and the proprietary Statement of Net Position include revenue bond proceeds reserved for future capital construction, monies reserved for payment of debt, and deposits held for utility customer accounts. Monies reserved by the Bellevue Convention Center Authority are for rent, operations, and ground lease rental payments.

### ***Receivables***

The city records as receivables all material applicable exchange and non-exchange transactions as defined by GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions," and GASB Statement No. 36 "Recipient Reporting for Certain Shared Nonexchange Revenues—an amendment of GASB Statement No. 33."

### ***Property Taxes***

The city's annual property tax levy is billed and collected by King County. Taxes are levied and become a lien on the first day of the calendar year. They may be paid in two installments. The first installment is due April 30, and if unpaid, the entire balance becomes delinquent May 1. The second installment is due October 31 and becomes delinquent November 1. Interest is charged on delinquent taxes at the rate of 1 percent per month and additional penalties are assessed on the total delinquent balance on May 1 and November 30. Under state statute, the county is required to foreclose on properties when property taxes are three years delinquent.

Uncollected property taxes through December 31 are recorded as receivables at year-end. Historically, the city collects 98.9 percent of taxes levied in the levy year and the remaining delinquent amounts are collected within the next several years. Due to the property foreclosure provision in the Washington State law, no allowance for uncollectible taxes is made.

### ***Special Assessments***

Special assessments are amounts levied against benefited properties to recover costs associated with the construction of local improvement district (LID) projects. A lien is recorded against benefited properties until the assessment amount has been paid. Special assessments receivable represent all outstanding assessment amounts; including current assessments billed but not collected, delinquent assessments unpaid at year-end, and special assessment amounts due in future years. Since special assessments are secured by liens against related properties, no allowance for uncollectible amounts is made.

### ***Other Receivables***

Other receivables in the governmental funds include investment interest, locally levied taxes, and other miscellaneous revenues accrued at year-end. Since the governmental funds financial statements are reported on a modified accrual basis of accounting and these revenues must be both measurable and available at year-end to be susceptible to accrual, business and occupation taxes receivable are offset by a deferred inflow of resources and are further reported net of anticipated uncollectible amounts.

Other receivables for the proprietary funds include the water utility customers' billings outstanding at year-end, which include estimated revenues for services provided between the last billing date and year-end. Due to the water utility's ability to discontinue service when water accounts become delinquent and to record property liens for unpaid sewer service billings, losses from uncollectible accounts are minimal and are only recorded when incurred.

### ***Due from Other Funds and Other Governments***

Amounts due from other funds are reported in the financial statements, which are listed in detail in Note 12: Interfund Receivables, Payables, and Transfers, represent outstanding billings to other funds for services provided in the current year. These amounts are typically paid within 30 days following year-end. Amounts due from other governments represent outstanding balances due from granting agencies for cost-reimbursement grants and billings to other jurisdictions for intergovernmental services provided in the current year.

Amounts due from other funds are not reported in the entity-wide Statement of Net Position. However, any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide Statement of Net Position as internal balances.

### ***Interfund Loans Receivable***

The Director of Finance and Asset Management may authorize loans between funds for periods not exceeding three months. Longer term loans must be specifically authorized by City Council resolution. Interfund loan activity is presented in Note 12: Interfund Receivables, Payables, and Transfers. In the fund financial statements, the year-end balance of long-term loans to other funds is offset by a corresponding reservation of fund balance to indicate that the

outstanding loan amounts do not constitute available spendable resources and are, therefore, not available for appropriation.

***Housing Rehabilitation Loans Receivable***

These loans are issued to individuals meeting designated income criteria and are supported by the city's annual Community Development Block Grant Program. The non-interest-bearing loans are secured by property liens and are not required to be repaid until the property is sold or otherwise changes ownership. Repayments are considered program income for the Community Development Block Grant Program and monies received are restricted to fund current grant eligible expenditures. The outstanding loans are offset by restricted fund balance in the governmental funds balance sheet.

***Notes and Contracts Receivable***

The notes receivable in the governmental funds represent amounts provided by the city to various housing agencies in the form of loans which are evidenced by promissory notes. These notes are issued in connection with the acquisition, construction, or renovation of apartment buildings as part of a city program that assists low- and moderate-income persons to obtain affordable housing. Payments on these loans are only required to be made from the property's surplus cash flows. Due to the uncertainty of payment, the city is not recognizing a receivable in the financial statements and will record all payments as revenues at the time of the receipt.

Contracts receivable in the proprietary funds consist of water and sewer connection fees due from customers to the Utilities.

***Inventories and Prepaid Expenses***

Inventories in the governmental funds are recorded as expenditures at the time of purchase. Amounts remaining at year end are immaterial and, therefore, are not reflected in the financial statements for those funds. The city's proprietary funds use a perpetual inventory method in which expense is recorded when related items are consumed. Physical inventories are taken at year-end and the value of items remaining in inventory is calculated for financial reporting purposes, using the weighted-average cost valuation method.

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

***Net Position and Fund Balances***

Net position is segregated into three categories on the government-wide statement of net position: net investment in capital assets; restricted; and unrestricted. The flow assumption of the city is to use restricted assets before unrestricted assets. Restricted assets are usually set aside in a separate fund, specifically used for the purpose of debt service or capital replacement.

Fund balances, with the implementation of GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions", are segregated under the categories listed below and presented on the face of the financial statements in the aggregate. Note 17: Governmental Fund Balances provides greater detail on the purposes for which revenue sources may be spent. When an expenditure is incurred for which restricted and unrestricted amounts are available, the city considers restricted amounts to be used first, followed by committed, then assigned, and lastly unassigned amounts.

*Nonspendable.* This fund balance category includes amounts not available to be spent because they are not in spendable form or are legally required to be maintained intact. The city has prepaid expenditures which are not in spendable form.

*Restricted.* Restricted fund balance is constrained externally, such as those resulting from federal and state legislation, grant awards, bond covenants, and inter-local service agreements.

*Committed.* Committed fund balance is constrained by ordinance or resolution as adopted by City Council and requires the same action to remove the constraint. In Washington State, ordinances and resolution carry the same force of law. The city currently has committed fund balances for capital improvement projects for a portion of Business and Occupation Taxes set by a non-lapsing ordinance.

*Assigned.* Fund balances that are constrained by the government's intent to be used for a specific purpose but are not restricted or committed are considered assigned. By reporting particular amounts that are not restricted or committed in a special revenue, capital projects, debt services, or permanent fund, the government has assigned those amounts to the purpose of the respective fund. Assignments are adopted by City Council through a budget ordinance.

*Unassigned.* Unassigned fund balance is the residual classification for the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. The city only reports unassigned fund balance in the General Fund.

### **Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. The capital assets purchased or constructed by a governmental fund are recorded as expenditures in the fund at the time the related purchases occurred and are not reported on the balance sheet of the governmental funds' balance sheet; however, the associated capital assets are reported in the governmental activities column of the government-wide statement of net position.

Capital assets include buildings and improvements with an original cost of \$100,000 or more; machinery, equipment, hardware and other improvements with an original cost of \$5,000 or more each; an estimated useful life of more than one year; and all land, transportation and utilities infrastructure, regardless of their initial cost.

All purchased capital assets are valued at original cost and at estimated historical cost where no records exist. Donated capital assets are valued at their acquisition value on the date received.

Capital assets acquired or constructed by the proprietary funds are capitalized in those funds at historical cost. Contributed assets are recorded at their estimated fair values as of the date acquired. The value of donated assets is recorded as contributed revenue by the receiving fund.

The city capitalized retroactive infrastructure assets owned prior to 2002, such as roads, bridges, curbs and gutters, streets and sidewalks, bridges, and lighting systems. The city compiled an inventory of the retroactive infrastructure and recorded these capital assets in the 2004 financial statements. The city elected to capitalize all infrastructure assets, including pre-1980 infrastructure, as the city felt this would more accurately reflect capital assets. Costs of normal maintenance and repair for general capital assets are also not capitalized. However, material improvements that increase an asset's value, capacity or useful life are added to that asset's original capitalized cost.

Equipment items acquired through capital lease agreements and land purchased through conditional sales contracts are reported as general capital assets in the government-wide statement of net position. In the governmental fund financial statements, lease and contract payments are reported as expenditures.

All current and incomplete project costs are included in construction in progress in the government-wide statement of net position. At project completion, capital costs are reclassified to property, plant and equipment while non-capital costs are charged to operating expense. In the governmental fund financial statements, project costs are reported as expenditures.

Land, construction in progress and transportation infrastructure are not depreciated. Property, plant and equipment, buildings, and street lighting infrastructure are depreciated using the straight-line method, using varying estimated service lives for individual assets and asset classifications depending on particular characteristics of an asset and factors surrounding its anticipated use.

The average service lives used to calculate depreciation for specific categories of assets are summarized below:

<b>Asset Class</b>	<b>Estimated Service Life (Years)</b>
<b><i>General Capital Assets</i></b>	
Equipment	7-15
Buildings	39
Other Improvements	20
<b><i>Equipment Rental Fund</i></b>	
Transportation Equipment	2-7
Communication Equipment	7
Traffic Control Equipment	15
Heavy-Duty Work Equipment	5-20
Shop/Miscellaneous Equipment	8-15
<b><i>Waterworks Utility</i></b>	
Structures and Building Improvements	40
Other Improvements	50
Water Treatment Plant and Equipment	50
Pumping Equipment	14
Tools, Sop Equipment, and Office Equipment	10
Transportation Equipment	5
Other Equipment	14
<b><i>Infrastructure Assets</i></b>	
Roadway	Indefinite Life
Sidewalks	25
Bike/walking path	15
Parking Lot	15
Tunnels	20
Bridges	25
Road Signage	10
Traffic Lights	20
Street Lighting	20
Sewer Lines	40
Storm Drains	40
Water Lines	40
Marina	40
<b><i>Intangibles</i></b>	
Software	15
<b><i>Bellevue Convention Center Authority</i></b>	
Building Shell	50
Building Mechanical System and Roof	25
Office Furniture and Equipment	7
Communication Equipment	7

The city has elected to use the modified approach to manage its transportation roadway infrastructure. The modified approach requires that the city have a current inventory of infrastructure; perform condition assessments on infrastructure and summarize the results using a measurement scale; and estimate the annual amount to maintain and preserve the infrastructure at a condition level established and disclosed by the city. The city has an inventory of transportation roadway infrastructure placed in service for the current year, performed a condition assessment, established the standard performance rating levels, and estimated the annual amount necessary to maintain and preserve the infrastructure. Further detail is provided in the Schedule of Modified Approach for Reporting Infrastructure Assets under Required Supplementary Information.

Additional information on capital assets is provided in Note 6:Capital Assets.

### ***Deferred Outflow of Resources***

Deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred outflow of resources involved no consumption of resources that results in either a net decrease in assets or a net increase in liabilities. It also represents access to present service capability that is under the government's controls. Deferred outflows of resources presented in this manner on the accompanying financial statements are related to outstanding debt.

### ***Long-Term Liabilities***

Liabilities for long-term debt are recorded in the government-wide Statement of Net Position and in the proprietary Statement of Net Position. The liabilities include bond premiums and discounts which are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Long-term debt outstanding at year-end is presented in Note 13: Long-term Liabilities

For governmental funds financial statements, bond issuance costs are expended at the time of issuance. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond proceeds are reported as an other financing source net of the applicable premium or discount. The nature of debt in the governmental activity is specific to a program; therefore debt service costs are not an allocated expenditure.

*Net pension liability.* For purposes of measuring the net pension liability, information about the fiduciary net position of the pension plans, and additional to/deductions from the pension plans' net position have been determined on the same basis as they were reported by the respective pension plan. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported as fair value.

*Compensated Absences.* Employee vacation leave is accumulated at monthly rates ranging from 12 to 25 days per year depending on tenure and governing union agreements. The maximum number of vacation hours an employee may carry forward from one calendar year to the next is 240 hours. All outstanding vacation leave is payable upon resignation, retirement, or death to employees who have completed six months of service.

Accrued vacation pay is recorded in the government-wide financial statements, as well as the proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

Generally, sick leave can be accumulated up to a maximum of 1,440 hours, depending on contract and retirement plans. The accrual rate for most City employees is eight hours per month. Fire and police employees who entered the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) prior to October 1, 1977, receive unlimited sick leave and, therefore, are not subject to this monthly accrual. Firefighters who entered LEOFF after October 1, 1977, and who work a 24-hour shift receive 12 hours sick leave per month. Ten percent of unused sick leave hours is payable upon retirement at the employee's current hourly rate. Upon resignation, any accrued sick leave balance is lost.

A long-term liability for accumulated sick leave expected to be paid at retirement or separation from the city after 20 years of service, has been recorded in the government-wide financial statements and the proprietary funds financial statements using the vesting method.

### ***Deferred Inflow of Resources***

Deferred inflow of resources is the acquisition of net position that is applicable to a future reporting period. A deferred inflow of resources involved no acquisition of resources resulting in either a net increase in assets or a new decrease in

liabilities. It represents a present obligation to sacrifice resources that the government has little or no discretion to avoid. Deferred inflow of resources presented in this manner on the accompanying financial statements are related to the gain on refunded debt, taxes receivable, grant reimbursements, special assessments receivable, and pensions not available under the current financial resources measurement focus.

### ***Interfund Transactions***

Interfund services provided and used are accounted for by the related funds as revenues, expenditures, or expenses. Reimbursements to a fund for expenditures previously paid that are more properly applicable to another fund are recorded as an expenditure in the reimbursing fund and a reduction of expenditure/expense in the fund receiving reimbursement.

All other interfund transactions are reported as transfers. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Direct expenses of the functional categories are included in the government-wide statement of activities while indirect expense allocations are eliminated. Indirect expenses are primarily charged to the various functions through the use of internal service funds for fleet maintenance, information technology, self-insurance, and facilities management. Elimination of payments to internal service funds are treated as expense reductions. No other indirect expenses are allocated to the various governmental functions. Exceptions to this rule are charges between the government's utilities functions and various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

## **Note 2: Stewardship, Compliance and Accountability**

### **Deficits**

The City of Bellevue had no funds with a material deficit as of December 31, 2018.

Total net position for the Bellevue Convention Center Authority, a component unit of the city, reflects an unrestricted net position deficit balance of \$23.2 million and a total net position of \$7.5 million. Cash flows, as projected in the annual Finance Plan, are expected to meet all obligations as they come due.

### **Legal Budgetary Compliance**

During 2018, no city funds exceeded total authorized appropriations at the fund level. Fund balance is included in authorized expenditure appropriations, but not necessarily appropriated at the program level.

Annually budgeted major fund Budget and Actual Schedules are provided as Required Supplementary Information.

## **Note 3: Supplemental Appropriations**

### **Operating Budget Funds**

During 2018, the City Council amended the 2018 appropriations by an additional \$0.9 million to reflect previously unanticipated needs in the 2018 portion of the 2017-2018 biennial budget. Amendments included \$0.4 million in the General Fund, \$70 thousand for Development Services Fund, and \$0.4 million in the Operating Grants and Donations Fund. As explained in Note 1: Summary of Significant Accounting Policies, both original and supplemental appropriations are adopted by City Council ordinance.

## Note 4: Deposits and Investments

### Primary Government

Cash and equity in pooled investments are comprised of government and business-type activities. The balances as of December 31, 2018, are as follows, in thousands:

Cash on hand and in bank	\$ 1,676
Equity in pooled investments	<u>481,786</u>
Total	<u><u>\$ 483,462</u></u>

In addition, the city holds \$16.6 million in cash and equity in pooled investments in trust for fiduciary funds.

### Deposits

*Custodial Credit Risk.* Custodial credit risk is the risk that in the event of a bank failure, the city will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of December 31, 2018, the city had a bank balance of \$1.3 million (carrying amount of \$1.6 million). The city's bank balance is insured by the FDIC up to \$250,000 and fully collateralized by the Washington Public Deposit Protection Commission (WPDPC) for amounts over \$250,000. The WPDPC constitutes a multiple financial institution collateral pool. Under RCW 39.58, public depositories are required to segregate and maintain eligible collateral for their unsecured public deposits in the form of securities having a value at least equal to their maximum liability.

The city does not have a formal policy for custodial risk beyond the requirements of state statute. Washington State law restricts deposit of funds in financial institutions physically located in Washington unless otherwise expressly permitted by statute and authorized by the WPDPC.

### Investments

The city's investment policy developed by the Finance and Asset Management Department, in consultation with the Investment Advisory Committee, is adopted by the City Council every two years as part of the biennial budget. Authority to manage the investment program is derived from Bellevue City Code Section 3.37.060. This section gives the Finance and Asset Management Director authority to invest in any of the securities identified as eligible investments defined by state statute with primary emphasis on safety on principal and liquidity.

The city's investment policy does not allow investment in variable rate securities (those where the interest rate changes based on an index or reference rate) or securities whose value depends on the value of an underlying asset (such as a pool of mortgages or small business loans).

The city participates in the Washington State Treasurer's Local Government Investment Pool (LGIP) managed by the Office of the State Treasurer, which is also responsible for establishing the investment policy for the LGIP. The LGIP is an unrated external investment pool. The pool's portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set for by GASB Statement No. 79 "Certain External Investment Pools and Pool Participants" for external investment pools that elect to measured investments at amortized costs for financial reporting purposes.

Investments in the LGIP are available on demand in the amount of the original investment, plus interest earnings, and are treated as a money-market investment. Accordingly, the fair value of the city's position in the LGIP is the same as the value of the city's LGIP shares. Regulatory oversight for these investments is provided as prescribed by Washington State law. The State Auditor audits the accounts of the State Treasurer to determine the compliance of investment activities with state statutes and the investment policy. Also, an independent audit of the LGIP's financial statements is performed annually. The State Treasurer has created an Advisory Committee consisting of eight members appointed by participant associations and four members appointed by the State Treasurer. The committee meets at least quarterly to provide advice on the operation of the LGIP.



City of Bellevue, Washington

The table below identifies the investment types that are authorized for the City of Bellevue by the State of Washington (or the city’s investment policy where more restrictive):

Authorized Investment Type	Maximum Maturity	Maximum % of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Debt Obligations	5 years	100%	100%
U.S. Agency Coupon Securities	5 years	100%	30%
U.S. Agency Discount Notes	1 year	100%	30%
Repurchase Agreements	30 days	50%	10%
Municipal Bonds	5 years	15%	5%
Certificates of Deposit	1 year	50%	10%
Interest Bearing Bank Deposits	1 year	50%	10%
Bankers Acceptances	6 months	15%	5%
Commercial Paper	90 days	15%	5%
State of Washington Local Governmental Investment Pool (LGIP)	N/A	100%	N/A

*Interest Rate Risk.* As a means of minimizing risk of loss arising from interest rate fluctuations, the city’s investment policy requires the weighted average modified duration of the portfolio not to exceed three years. One of the other ways that the city manages the exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing to provide the cash flow and liquidity needed for operations.

The LGIP is a qualified external investment pool, as defined by GASB Statement No. 79 “Certain External Investment Pools and Pool Participants”. Accordingly, participants’ balances in the LGIP are not subject to interest rate risk, as the weighted average maturity of the portfolio will not exceed 90 days.

Information about the sensitivity of the fair values of the city’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the city’s investments by maturity, in thousands:

Investment Type	Fair Value	Remaining Maturity in Months					Credit Rating
		3 Months or Less	3 to 12 Months	1 to 2 Years	2 to 3 Years	3 to 5 Years	
U.S. Agency Coupon Securities	\$ 403,966	\$ 39,400	\$ 120,111	\$ 96,270	\$ 73,901	\$ 74,284	Aaa/AA+
U.S Treasury Debt Obligations	24,739	-	2,971	8,869	8,054	4,845	Aaa/AA+
Interest Bearing Bank Deposits	10,000	10,000	-	-	-	-	Unrated
Certificates of Deposit	5,000	-	5,000	-	-	-	Unrated
Municipal Bonds	24,990	4,500	3,149	5,537	7,420	4,384	Aa/AAA
LGIP	29,731	29,731	-	-	-	-	Unrated
<b>Total</b>	<b>\$ 498,426</b>	<b>\$ 83,631</b>	<b>\$ 131,231</b>	<b>\$ 110,676</b>	<b>\$ 89,375</b>	<b>\$ 83,513</b>	

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The city’s investment policy limits the type of securities available for investment to obligations of the U.S. government or its agencies, obligations of government-sponsored corporations, banker’s acceptances, interest bearing bank deposits, commercial papers, municipal bonds, certificates of deposits, repurchase agreements, and in the LGIP. According to Washington State law and the city’s investment policy, commercial papers must be rated with the highest short-term credit rating, of any two Nationally Recognized Statistical Rating Organizations (NRSROs) at the time of purchase. The city currently does not have any commercial paper in its portfolio. The city’s investments in the obligations of U.S. agencies were rated AA+ by Standard and Poor’s and Aaa by Moody’s Investors Service.

The credit risk of the LGIP is limited to obligations of the US government, government sponsored enterprises, insured demand deposit accounts and certificates of deposit.

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The city’s investment policy limits the amount that may be invested in any one issuer. As of December 31, 2018, there was no concentration of credit risk exceeding the policy guidelines described above.

The following table displays the city’s investments in any one issuer (other than the LGIP) that represents 5 percent or more of the total portfolio, in thousands:

Issuer	Investment Type	Reported Amount
Federal Home Loan Mortgage Corporation (FHLMC)	Fixed Rate Agency Coupon	\$ 112
Federal National Mortgage Association (FNMA)	Fixed Rate Agency Coupon	82
Federal Home Loan Bank (FHLB)	Fixed Rate Agency Coupon	109
Federal Farm Credit Bank (FFCB)	Fixed Rate Agency Coupon	101
Various Municipalities	Municipal Bonds	25

*Custodial Credit Risk.* Custodial credit risk for investments is the risk that, in the event of failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The city’s investment policy requires that all investments be held by the city’s third-party safekeeping agent in the city’s name. As of December 31, 2018, all the \$455.9 million investments in U.S. agency debt obligations and municipal bonds were registered and held by its safekeeping agent in the city’s name. Therefore, the city has no outstanding investments that were exposed to custodial credit risk.

*Fair Value Measurements.* Effective December 31, 2018, the City of Bellevue implemented GASB Statement No. 72 “Fair Value Measurement and Application”, which establishes a framework for measuring fair value that requires or permits fair value measurement and enhances disclosures about fair value measurements. Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction. There is a fair value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. The guidance requires three levels of fair value measurement based on the respective inputs.

Securities classified as Level 1 in the fair value hierarchy are valued using prices quoted in active markets for identical securities. Level 2 securities are valued using observable inputs. Level 3 securities are valued using unobservable inputs. U.S. Agency Securities and municipal bonds classified in Level 2 are valued using quoted prices for similar securities and interest rates. The level of fair value measurement is based on the lowest level of significant input for the security type in its entirety. There are Level 3 security classifications to report.

The following table presents recurring fair value measurements as of December 31, 2018:

	December 31, 2018	Fair Value Measurement Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<b>Investments by fair value level</b>			
Debt securities			
US Agency Coupon Securities	\$ 403,967	\$ -	\$ 403,967
US Treasury Debt Obligations	24,739	24,739	-
Municipal Bonds	24,990	-	24,990
Total debt securities	453,696	24,739	428,957
Total investments by fair value	453,696	\$ 24,739	\$ 428,957
<b>Investments measured at amortized cost</b>			
State of Washington Local Governmental Investment Pool			
	29,731		
Certificates of Deposits	5,000		
Total investment measured at amortized cost	34,731		
Total investment measured at fair value	\$ 488,427		

**Discretely Presented Component Unit**

Cash and equity in pooled investments of the Bellevue Convention Center Authority are comprised of business-type activities only. The balances as of December 31, 2018, are as follows, in thousands:

Cash on hand and in bank	\$ 2,487
Equity in pooled investments	15,363
Total	\$ 17,850

**Note 5: Receivables**

**Property Taxes**

King County is responsible for collecting all property taxes levied in the county. Amounts collected by King County on the city's behalf are remitted daily.

As described in Note 1: Summary of Significant Accounting Policies, taxes are levied and become an enforceable lien against properties as of January. Annual tax billings may be paid in two equal installments due April 30 and October 31.

Under Washington State law, the city may levy up to \$3.41 per \$1,000 of assessed valuation, subject to the following limitations:

- 1) RCW 84.55, which was amended on November 6, 2001 by Initiative No. 74, limits the total dollar amount of regular property taxes levied by the city to the amount of such taxes levied in the three most recent years multiplied by a limit factor, plus an adjustment to account for taxes on new construction, improvements and state-assessed property at the previous year's rate. As amended by Initiative No. 74, the limit factor is the lesser of 101 percent or 100 percent plus the percent change in the implicit price deflator, unless a greater amount is approved by a simple majority of the voters; and
- 2) The state constitution limits total regular property taxes to 1 percent of assessed valuation, or \$10 for each \$1,000

of assessed value. If the combined taxes of all districts exceed this amount, each levy is proportionately reduced until the total is at or below the 1 percent limit.

On May 17, 1988, Bellevue voters approved a property tax lid lift to create a revenue stream to pay for anticipated maintenance and operating expenses resulting from a \$16.5 million Park bond issue. The City Council subsequently imposed this property tax increase as part of the property tax levy ordinance adopted on December 5, 1988. The property tax revenue from the levy lid lift amounted to \$991 thousand in 2018.

The city has banked the remaining levy capacity for potential future use. As of December 31, 2018, the city has \$9.1 million in unused levy capacity.

The city's regular property tax levy rate for 2018 was \$0.71 per \$1,000 of assessed property value, which yielded a total regular levy of \$40.0 million.

An additional \$4.0 million (\$0.10 per \$1,000 of assessed value) was levied for parks and natural area programs, as approved by the voters in the November 4, 2008 general election. The levy lid lift will fund the parks capital program over 20 years and provide \$0.7 million per year in ongoing maintenance and operation funding. Voted tax levies are not subject to the limitations discussed above.

In November 2016, Bellevue voters approved a levy for Fire Facilities improvements. The current levy rate is \$0.115 per \$1,000. In 2018, the levy revenue totaled \$6.2 million.

In addition, in November 2016, Bellevue voters approved a levy for Transportation Safety, Connectivity and Congestion improvements. The current levy rate is \$0.135 per \$1,000. In 2018, the levy revenue totaled \$7.4 million.

### **Long-Term Receivables**

For the governmental funds, the Community Development Block Grant program provides qualifying participants home rehabilitation loans become due upon the sale of the home. The city has \$3.2 million in home rehabilitation loans receivable that are not expected to be received within one year. The remaining \$15 thousand in governmental activities is for Local Improvement District (LID) receivables.

For business type activities, there are connection contracts for sewer utility of \$60 thousand and water utility for \$4 thousand.

**Note 6: Capital Assets**

Capital asset activity for the primary government for the year ended December 31, 2018, was as follows, in thousands:

<b>Governmental activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 848,833	\$ 22,122	\$ (6,251)	\$ 864,704
Construction in progress	30,135	40,590	(43,416)	27,309
Infrastructure	769,178	24,232	-	793,410
Total capital assets, not being depreciated	<u>1,648,146</u>	<u>86,944</u>	<u>(49,667)</u>	<u>1,685,423</u>
Capital assets, being depreciated:				
Buildings	251,111	1,140	-	252,251
Improvements other than buildings	44,809	238	-	45,047
Intangible assets	20,740	37	-	20,777
Machinery and equipment	66,606	5,844	(3,018)	69,432
Leasehold improvements	4,129	-	-	4,129
Infrastructure	196,326	3,195	(713)	198,808
Total capital assets being depreciated	<u>583,721</u>	<u>10,454</u>	<u>(3,731)</u>	<u>590,444</u>
Less accumulated depreciation for:				
Buildings	(100,863)	(7,700)	-	(108,563)
Improvements other than buildings	(9,978)	(2,139)	-	(12,117)
Intangible assets	(20,106)	(513)	-	(20,619)
Machinery and equipment	(43,155)	(5,155)	2,930	(45,380)
Leasehold improvements	(1,238)	(413)	-	(1,651)
Infrastructure	(162,079)	(6,714)	585	(168,207)
Total accumulated depreciation	<u>(337,419)</u>	<u>(22,634)</u>	<u>3,515</u>	<u>(356,537)</u>
Total capital assets, being depreciated, net	<u>246,303</u>	<u>(12,180)</u>	<u>(216)</u>	<u>233,907</u>
Governmental activities capital assets, net	<u>\$ 1,894,448</u>	<u>\$ 74,764</u>	<u>\$ (49,883)</u>	<u>\$ 1,919,330</u>

Depreciation expense was charged to governmental activity functions/programs as follows, in thousands:

<b>Governmental activities:</b>	
General government	\$ 7,144
Public safety	553
Transportation	4,800
Economic environment	107
Culture and recreation	5,030
Total	<u>17,634</u>

Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	5,000
Total depreciation expense - governmental activities	<u>\$ 22,634</u>

Capital asset activity for the city's proprietary funds for the year ended December 31, 2018 was as follows, in thousands:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 24,989	\$ -	\$ -	\$ 24,989
Construction in progress	54,122	24,504	(16,825)	61,801
Total capital assets, not being depreciated	<u>79,111</u>	<u>24,504</u>	<u>(16,825)</u>	<u>86,790</u>
Capital assets, being depreciated:				
Buildings	38,842	16	-	38,858
Machinery and equipment	13,963	2,515	(5)	16,473
Infrastructure	413,538	21,019	-	434,557
Intangible assets	287	-	-	287
Total capital assets being depreciated	<u>466,630</u>	<u>23,550</u>	<u>(5)</u>	<u>490,175</u>
Less accumulated depreciation for:				
Buildings	(24,181)	(1,567)	-	(25,748)
Machinery and equipment	(9,073)	(1,432)	5	(10,500)
Infrastructure	(156,207)	(7,202)	-	(163,409)
Intangible assets	(231)	(4)	-	(235)
Total accumulated depreciation	<u>(189,692)</u>	<u>(10,205)</u>	<u>5</u>	<u>(199,892)</u>
Total capital assets, being depreciated, net	<u>276,938</u>	<u>13,345</u>	<u>-</u>	<u>290,282</u>
Business activities capital assets, net	<u>\$ 356,049</u>	<u>\$ 37,849</u>	<u>\$ (16,825)</u>	<u>\$ 377,072</u>

Depreciation expense was charged to business-type activity functions/programs as follows, in thousands:

<b>Business-type activities:</b>	
Marina	\$ 13
Water utility	4,512
Storm and surface water utility	2,268
Sewer utility	3,412
Total depreciation expense - business-type activities	<u>\$ 10,205</u>

Capital asset activity for the city's discretely presented component unit, BCCA, for the year ended December 31, 2018 were as follows, in thousands:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Bellevue Convention Center Authority:</b>				
Capital assets, not being depreciated:				
Construction in Progress	\$ 1,079	\$ 1,026	\$ (1,715)	\$ 391
Total capital assets, not being depreciated	<u>1,079</u>	<u>1,026</u>	<u>(1,715)</u>	<u>391</u>
Capital assets, being depreciated:				
Building	61,375	580	(82)	61,873
Machinery and Equipment	6,303	386	(178)	6,511
Total capital assets being depreciated	<u>67,678</u>	<u>966</u>	<u>(260)</u>	<u>68,384</u>
Less accumulated depreciation for:				
Building	(27,319)	(1,718)	-	(29,037)
Machinery and Equipment	(4,975)	(465)	176	(5,264)
Total accumulated depreciation	<u>(32,294)</u>	<u>(2,183)</u>	<u>176</u>	<u>(34,301)</u>
Total capital assets, being depreciated, net	<u>35,384</u>	<u>(1,217)</u>	<u>(84)</u>	<u>34,083</u>
Component unit activities capital assets, net	<u>\$ 36,463</u>	<u>\$ (191)</u>	<u>\$ (1,799)</u>	<u>\$ 34,474</u>

## Note 7: Pension Plans

Below is a summary of the City of Bellevue’s pension plans, in thousands:

	PERS 1	PERS 2/3	PSERS 2	LEOFF 1	LEOFF 2	Firefighters' Pension	Total
Pension liabilities	\$ (29,195)	\$ (13,880)	\$ (2)	\$ -	\$ -	\$ -	\$ (43,077)
Pension assets	-	-	-	5,643	29,159	2,267	37,070
Deferred outflows of resources	2,263	5,238	41	-	2,927	-	10,469
Deferred inflows of resources	(1,160)	(15,867)	(57)	(458)	(10,559)	-	(28,101)
Pension expense	2,724	(440)	38	(977)	(1,007)	(348)	(10)

### Public Employees’ Retirement System (PERS)

#### General Information about PERS

*Plan Description.* PERS was established by the Washington State legislature in 1947 under RCW Chapter 41.34 and 41.40. PERS is a multiple-employer cost-sharing defined benefit pension plan. Membership in the system includes elected officials, state employees, and employees of local government. Approximately 51 percent of PERS members are state employees.

PERS consists of three plans. Participants who joined the system by September 30, 1977 are Plan 1 members. PERS 1 is closed to new entrants. The vesting period for members was upon completion of five years of eligible service. Those joining the system after September 30, 1977 are enrolled in Plan 2. Existing Plan 2 members were given the option to transfer their membership to Plan 3 by May 31, 2003. Employees hired after May 31, 2003 have the option of choosing either PERS Plan 2 or PERS Plan 3. Retirement benefits are financed by employee and employer contributions and investment earnings. Retirement benefits in the PERS 2 plan are vested after completion of five years of eligible service. For PERS 3, employees are vested after the completion of ten years of eligible service or five years with at least 12 months being earned after the age of 44 years old.

Participants in the plan are listed below:

	PERS 1	PERS 2	PERS 3
Participants	5	800	195

*Benefits Provided.* All plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Under PERS Plans 1, 2 and 3, annual cost of living allowances are linked to the Seattle Consumer Price Index to a maximum of 3 percent annually.

For PERS 1, benefits are calculated using the following formula and are reduced by 2 percentage for each year under 55: 2 percent multiplied by services credit years multiplied by average final compensation. For PERS 2, the monthly benefit is calculated at 2 percent multiplied by service credit years multiplied by average final compensation. For PERS 3, the monthly benefit is calculated at 1 percent multiplied by service credit years multiplied by average final compensation.

*Contributions.* Each biennium of the Department of Retirement Systems, the legislature establishes Plan 1 employer contribution rates and Plan 2/3 employer and employee contribution rates. Employee contribution rates for Plan 1 are established by statute and do not vary from year to year. Employer rates for Plan 1 are not necessarily adequate to fully fund the system. The employer and employee contribution rates for Plan 2/3 are developed by the Office of the State Actuary to fully fund the system. All employers are required to contribute at the level established by the legislature.

Both the city and employees made 100 percent of the required contributions for all years.

The contribution rates and actual contributions to PERS for the year ending December 31 were as follows, with contributions in thousands:

	<u>Employer</u>	<u>Employee</u>
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	
Admininstraiton Fee	0.18%	
<b>Total</b>	<b>12.70%</b>	<b>6.00%</b>
	<u>Employer</u>	<u>Employee</u>
PERS Plan 2	7.49%	7.38%
PERS Plan 2 UAAL	5.03%	
Admininstraiton Fee	0.18%	
<b>Total</b>	<b>12.70%</b>	<b>7.38%</b>
	<u>Employer</u>	<u>Employee</u>
PERS Plan 3	7.49%	5-15%
PERS Plan 3 UAAL	5.03%	
Admininstraiton Fee	0.18%	
<b>Total</b>	<b>12.70%</b>	<b>5-15%</b>
<u>2018 Employee contributions</u>		
	PERS 1	\$ 4,470
	PERS 2	5,252
	PERS 3	1,193

***Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to PERS***

At December 31, 2018, the city reported a liability of \$43.1 million for its proportionate share of the net pension liability (PERS 1 was \$29.2 million and PERS 2/3 was \$13.9 million). The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The city's proportion of the net pension liability was based on a projection of the city's long-term share of contributions to the pension plan relative to the projected contributions of all participating local governments, actuarially determined. At June 30, 2018, the city's proportion for PERS 1 was 0.65 percent, which was the same from its proportionate share measured as of June 30, 2017. The city's proportion for PERS 2/3 was 0.81 percent, which was the same from its proportionate share measured as of June 30, 2017.



City of Bellevue, Washington

For the year ended December 31, 2018, the city recognized total pension expense of \$2.3 million for the PERS pension plans. As of December 31, 2018, the city reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources, in thousands:

	<b>PERS 1</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,160
Changes in assumptions	-	-
Change in proportion and differences between city contributions and proportionate share contributions	-	-
City contributions subsequent to the measurement date	2,263	-
<b>Total</b>	<b>\$ 2,263</b>	<b>\$ 1,160</b>

	<b>PERS 2/3</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,701	\$ 2,430
Net difference between projected and actual earnings on pension plan investments	-	8,517
Changes in assumptions	162	3,950
Change in proportion and differences between city contributions and proportionate share contributions	121	970
City contributions subsequent to the measurement date	3,254	-
<b>Total</b>	<b>\$ 5,238</b>	<b>\$ 15,867</b>

The city reported \$5.5 million (PERS 1: \$2.3 million, and PERS 2/3: \$3.3 million) as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date and these will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows, in thousands:

Year ended June 30	PERS 1	PERS 2/3
2018	\$ 51	\$ (1,589)
2019	(254)	(2,987)
2020	(761)	(5,332)
2021	(196)	(2,049)
2022	-	(833)
Thereafter	-	(1,093)
<b>Total</b>	<b>\$ (1,160)</b>	<b>\$ (13,883)</b>

*Sensitivity of the city's proportionate share of net pension liability to changes in the discount rate.* The following presents the city's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.4 percent) or 1 percentage point higher (8.4 percent) than the current rate, in thousands:

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 35,879	\$ 29,195	\$ 23,406
PERS 2/3	63,486	13,880	(26,792)

*Pension plan fiduciary net position.* Detail information about the pension plan's fiduciary net position is available in a separately issued DRS financial report on their website at <http://www.drs.wa.gov/administration/annual-report/default.htm>. The report was developed with the assumptions listed below under PERS, PSERS, and LEOFF Actuarial Assumptions. The financial statements were developed in conformity with GAAP.

***Payable to Pension Plan***

For the year ended December 31, 2018, the city reported a payable of \$43.1 million (PERS 1: \$29.2 million, PERS 2/3: \$13.9 million) for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2018.

**Public Safety Employees' Retirement System (PSERS)**

***General Information about PSERS***

*Plan Description.* PSERS is a multiple-employer, cost-sharing defined benefit pension plan. PSERS was created by the Legislature in 2004 and became effective July 1, 2006. PSERS retirement benefit provisions are established in RCW 41.37. Membership includes all full-time public safety employees.

PSERS Plan 2 membership includes: 1) full-time public safety employees on or before July 1, 2006, who met at least one of the PSERS eligibility criteria, and elected membership during the election period of July 1, 2006 to September 30, 2006; and 2) full-time public safety employees, hired on or after July 1, 2006, that meet at least one of the PSERS eligibility criteria. Retirement benefits are financed by employee and employer contributions, and investment earnings. Members are vested after completing five years of eligible service. PSERS Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. Eligibility is based on the member being totally incapacitated for continued employment and leaving that employment as a result of the disability.

Participants in the plan are listed below:

	PSERS
Participants	8

*Benefits Provided.* All plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Under PSERS Plan 2, annual cost of living allowances are linked to the Seattle Consumer Price Index to a maximum of 3 percent annually.

The monthly benefit is calculated at 2 percent multiplied by service credit years multiplied by average final compensation.

*Contribution.* Each biennium of the Department of Retirement Systems, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2. All employers are required to contribute at the level established by the Legislature. The methods used to determine the contribution requirements are established under state statute in accordance with RCW 41.37 and 41.45.

Both the city and employees made 100 percent of the required contributions for all years.

The contribution rates and actual contributions to PSERS for the years ending December 31 were as follows, with contributions in thousands:

	<u>Employer</u>	<u>Employee</u>
PSERS Plan 1	6.74%	6.74%
PSERS Plan 1 UAAL	5.03%	
Admininstraiton Fee	0.18%	
<b>Total</b>	<b>11.95%</b>	<b>6.74%</b>
<u>2018 Employee contributions</u>		
PSERS \$	48	

***Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to PSERS***

At December 31, 2018, the city reported a liability of \$2 thousand for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The city’s proportion of the net pension liability was based on a projection of the city’s long-term share of contributions to the pension plan relative to the projected contributions of all participating local governments, actuarially determined. At June 30, 2018, the city’s proportion was 0.18 percent, which was a decrease of 0.03 percent from its proportionate share measured as of June 30, 2017.

For the year ended December 31, 2018, the city recognized a reduction of total pension expense of \$38 thousand for the PSERS pension plans. As of December 31, 2018, the city reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources, in thousands:

	<b>PSERS</b>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 17	\$ 2
Net difference between projected and actual earnings on pension plan investments	-	31
Changes in assumptions	-	14
Change in proportion and differences between city contributions and proportionate share contributions	1	10
City contributions subsequent to the measurement date	23	-
<b>Total</b>	<u>\$ 41</u>	<u>\$ 57</u>

The city reported \$23 thousand as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date and these will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows, in thousands:

Year ended June 30	PSERS	
2018	\$	(1)
2019		(5)
2020		(11)
2021		(6)
2022		(2)
Thereafter		(14)
<b>Total</b>	<b>\$</b>	<b>(39)</b>

*Sensitivity of the city's proportionate share of net pension liability to changes in the discount rate.* The following presents the city's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.4 percent) or 1 percentage point higher (8.4 percent) than the current rate, in thousands:

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PSERS	\$ 235	\$ 2	\$ (181)

*Pension plan fiduciary net position.* Detail information about the pension plan's fiduciary net position is available in a separately issued DRS financial report on their website at <http://www.drs.wa.gov/administration/annual-report/default.htm>. The report was developed with the assumptions listed below under PERS, PSERS, and LEOFF Actuarial Assumptions. The financial statements were developed in conformity with GAAP.

**Payable to Pension Plan**

For the year ended December 31, 2018, the city reported a payable of \$2 thousand for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2018.

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

**General Information about LEOFF**

*Plan Description.* LEOFF, a multiple-employer, cost-sharing defined benefit pension plan, was established by the State legislature in 1970 under RCW Chapter 41.26. Membership includes all full-time local law enforcement officers and firefighters. Retirement benefits are financed by employee and employer contributions, investment earnings, and legislative appropriation.

The LEOFF system contains two plans. Participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined thereafter are enrolled in Plan 2. Retirement benefits are vested after completion of five years of eligible service. LEOFF 1 is closed to new entrants.

Participants in the plan are listed below:

	LEOFF 1	LEOFF 2
Participants	1	391

*Benefits Provided.* All plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Annual cost of living allowances is linked to the Seattle Consumer Price Index to a maximum of 3 percent annually.

For LEOFF 1, retirement benefits are equal to 50 percent of the final average salary. There is an additional five percent for each eligible child, up to a combined benefit of 60 percent of the final average salary. LEOFF 2 is calculated base on the type of disability. Duty disability is a onetime payment equal to 150 percent of eligible contributions or minimum

monthly benefits at 10 percent of final average salary. The nonduty disability is 2 percent multiplied by final average salary. Catastrophic duty disability is one of three ways: 70 percent of final average salary, 100 percent of final average salary offset by Social security and workers compensation payments, or 2 percent multiplied by final average salary multiplied by service credit years.

*Contribution.* Plan 1 employers are required to contribute at a rate of 0.23 percent and the state is responsible for the balance of the funding. Plan 2 employers and employees are required to pay at levels established by the legislature. Employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fund the system.

Both the city and employees made 100 percent of the required contributions for all years.

The contribution rates and actual contributions to LEOFF for the years ending December 31 were as follows, with contributions in thousands:

	<u>Employer</u>	<u>Employee</u>
LEOFF Plan 1	0.00%	0.00%
Admininstraiton Fee	0.18%	
<b>Total</b>	0.18%	0.00%
	<u>Employer</u>	<u>Employee</u>
LEOFF Plan	5.25%	8.75%
Admininstraiton Fee	0.18%	
<b>Total</b>	5.43%	8.75%
<u>2018 Employee contributions</u>		
LEOFF 1	\$ -	
LEOFF 2	2,570	

The Legislature, by means of a special funding arrangement, appropriates money from the State General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and can be changed by statute. For the fiscal year ended June 30, 2018, the state contributed \$68.2 million to the LEOFF 2 Plan.

***Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to LEOFF***

At December 31, 2018, the city reported a total pension asset of \$34.8 million for its proportionate share of the net pension asset (LEOFF 1 was \$5.6 million and LEOFF 2 was \$29.2 million). The amount of the asset reported for LEOFF reflects a reduction for state pension support provided to the city as its proportional share of the net pension asset, the related state support, and the total portion of the net pension asset that was associated with the city were as follows, in thousands

	<u>LEOFF 1</u>	<u>LEOFF 2</u>
City's proportionate share	\$ (5,643)	\$ (29,159)
State's proportionate share of the net pension asset associated with the employer	<u>(38,171)</u>	<u>(18,880)</u>
Total	<u>\$ (43,814)</u>	<u>\$ (48,039)</u>

At June 30, 2018, the city's proportion for LEOFF 1 was 0.31 percent, which was an increase of 0.01 percent from its proportionate share measured as of June 30, 2017. The city's proportion for LEOFF 2 was 1.44 percent, which was an increase of 0.05 percent from its proportionate share measured as of June 30, 2017.

For the year ended December 31, 2018, the city recognized a total reduction in pension expense of \$2.0 million for the LEOFF pension plans. As December 31, 2018, the city reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources, in thousands:

	<b>LEOFF 1</b>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	458
Changes in assumptions	-	
Change in proportion and differences between city contributions and proportionate share contributions	-	-
City contributions subsequent to the measurement date	-	-
Total	<u>\$ -</u>	<u>\$ 458</u>

	<b>LEOFF 2</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,562	\$ 677
Net difference between projected and actual earnings on pension plan investments	-	5,104
Changes in assumptions	16	4,185
Change in proportion and differences between city contributions and proportionate share contributions	119	593
City contributions subsequent to the measurement date	1,230	-
<b>Total</b>	<b>\$ 2,927</b>	<b>\$ 10,559</b>

The city reported \$1.2 million as deferred outflows of resources for LEOFF 2 related to pensions resulting from city contributions subsequent to the measurement date and these will be recognized as a reduction of the net pension asset in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows, in thousands:

Year ended June 30	LEOFF 1	LEOFF 2
2018	\$ -	\$ (625)
2019	(103)	(1,398)
2020	(281)	(3,060)
2021	(74)	(1,205)
2022	-	(482)
Thereafter	-	(2,091)
<b>Total</b>	<b>\$ (458)</b>	<b>\$ (8,861)</b>

*Sensitivity of the city's proportionate share of net pension liability to changes in the discount rate.* The following presents the city's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.4 percent) or 1 percentage point higher (8.4 percent) than the current rate, in thousands:

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
LEOFF 1	\$ (4,489)	\$ (5,643)	\$ (6,637)
LEOFF 2	(3,878)	(29,159)	(49,779)

*Pension plan fiduciary net position.* Detail information about the pension plan's fiduciary net position is available in a separately issued DRS financial report on their website at <http://www.drs.wa.gov/administration/annual-report/default.htm>. The report was developed with the assumptions listed below under PERS, PSERS, and LEOFF Actuarial Assumptions. The financial statements were developed in conformity with GAAP.

**PERS, PSERS, and LEOFF Actuarial Assumptions**

*Actuarial assumptions.* The total pension liability in the June 30, 2018 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases (including inflation)	3.50%
Investment rate of return	7.40%

Mortality rates were based on the RP-2000 Combined Health Table and Combined Disabled Table, as appropriate, with adjustment for mortality improvements based on Scale BB.

The actuarial assumptions used in the June 30, 2018 valuation reflect the results of Office of State Actuary’s 2007-2012 Experience Study and the 2017 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The total pension liability was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2018. Plan liabilities were rolled forward from June 30, 2017 to June 30, 2018, reflecting each plan’s normal cost (using Entry Age Cost Method), assumed interest and actual benefit payments.

The long-term expected rate of return of 7.4 percent on pension plan investment was determined using a building-block method. The Washington State Investment Board (WSIB) used a best estimate of expected future rate of returns (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2018, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Percent Long-Term Expected Real Rate of Return Arithmetic</b>
Fixed Income	20%	1.7%
Tangible Assets	7%	4.9%
Real Estate	18%	5.8%
Global Equity	32%	6.3%
Private Equity	23%	9.3%
	<u>100%</u>	

*Discount Rate.* The discount rate used to measure the total pension liability was 7.4 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the city will be made at centrally required rates, actuarially determined. Based on those assumptions, the pension plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Actuarial results that the Office of State Actuary regarding the pension plans includes the following changes in assumptions and methods:

- Updated valuation interest rate, generally salary growth, and inflation assumptions to be consistent with the assumption adopted by Pension Funding Council and LEOFF 2 Board
  - Lowered the valuation interest rate from 7.5 percent to 7.4 percent
  - Lowered assumed general salary growth from 3.75 percent to 3.5 percent
  - Lowered assumed inflation rate from 3.0 percent to 2.0 percent
- Modified how the valuation software calculates benefits paid to remarried duty-related death survivors of LEOFF 2
- Updated the trend that the valuation software used to project medical inflation for LEOFF 2 survivors of a duty-related death and for certain LEOFF 2 medical-related duty disability benefits.

**Firefighters’ Pension Plan**

***Plan Description***

*Plan administration.* The city administers the Firefighters’ Pension Plan as a single-employer defined benefit pension plan that provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan



members and beneficiaries. Benefit terms were established by RCW 41.16 and amended by RCW 41.18. The state retains the authority to amend benefit terms.

Management of the Firefighters' Pension Fund is vested in the Pension Board, which consists of five members - city councilmember, who serves as the chairperson of the board, city clerk, finance director, one retired firefighter and one regularly employed firefighter.

*Benefits.* RCW 41.16.080 through 41.16.180 establish the benefits of the plan. Plan members shall be paid a pension based upon the average monthly salary drawn for the five calendar years before retirement, the number of years in service, and a percentage factor based on age upon entering service. In addition, the state requires benefits to include payment on death of a retired firefighter, payment on death of eligible pensioner before retirement, payment on death in the line of duty, payment upon disablement in the line of duty, payment upon disablement not in the line of duty, payment on separation from service, and funeral expenses.

*Employees covered by benefit terms.* Membership is limited to firefighters employed prior to March 1, 1970, when the LEOFF retirement system was established. The Plan is closed to new entrants. At December 31, 2018, pension membership consisted of the following:

Retirees after March 1, 1970, currently receiving full retirement benefits through LEOFF 1 and also receiving an adjustment from the Firefighters' Pension Plan	24
Retirees after March 1, 1970, receiving LEOFF 1 pensions exceeding the Firefighters' Pension Fund and, therefore, not qualifying for excess benefit payment from the Firefighters' Pension Plan	7
Active plan members	-
Total	<u><u>31</u></u>

*Contributions.* RCW 41.16.050 through 41.16.070 established the contribution rates. The state is required to contribute 25 percent of all monies received from taxes on fire insurance premiums and active firefighters are required to contribute based on age. The city is required to contribute a tax of \$0.225 cents per \$1,000 of assessed value against all taxable property, unless a qualified actuary establishes that the whole or any part of said dollar rate is not necessary to maintain the actuarial soundness of the Fund. For the year ended December 31, 2018, the state contributed \$217 thousand and neither member nor employer made contributions to the Plan. As of the last actuarial study dated January 1, 2019, the actuary determined that current Plan assets and future contributions from state fire insurance taxes and interest earnings will be sufficient to pay all future Plan benefits.

**Investments**

*Investment policy.* Plan investments are invested with the city's funds, and therefore, follow city investment policy. The city's policy regarding the allocation of invested assets is established and may be amended by the finance director and their designee authorized by City Council. The primary objective of the investment policy is to protect the city's principal sums and enable the city to generate a market rate of return from its investment activities while assuring adequate

liquidity to meet its cash flow needs. All investment activities are in compliance with Washington State law. The following was the city’s adopted asset allocation policy as of December 31, 2018:

Authorized Investment Type	Maximum Maturity	Maximum % of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Debt Obligations	5 years	100%	100%
U.S. Agency Coupon Securities	5 years	100%	30%
U.S. Agency Discount Notes	1 year	100%	30%
Repurchase Agreements	30 days	50%	10%
Municipal Bonds	5 years	15%	5%
Certificates of Deposit	1 year	50%	10%
Interest Bearing Bank Deposits	1 year	50%	10%
Bankers Acceptances	6 months	15%	5%
Commercial Paper	90 days	15%	5%
State of Washington Local Governmental Investment Pool (LGIP)	N/A	100%	N/A

*Concentrations.* The Plan held the following investments in organizations that represent 5 percent or more of the Plan’s fiduciary net position and are not issued by the US Government at December 31, 2018:

Investment Type	% of Net Position
State Pool	6%
Municipal Bonds	5%

*Rate of return.* For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments was 1.94 percent. The money-weighted rate of return expresses investment performance adjusted for the changing amounts invested.

***Net Pension Liability***

The city’s net pension liability was measured as of January 1, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. An actuarial report was issued for the city by Trautmann, Maher, and Associates.

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.0%
Investment rate of return	3.5%

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, projected to 2019 using 50% of Projection Scale AA, with ages set back one year.

The actuarial assumptions used in the January 1, 2019 valuation were based on the 2001-2006 Experience Study for the Law Enforcement Officers’ and Fire Relief and Retirement System prepared by the Office of the State Actuary using the Entry Age Normal Cost Method and attributing liability as a level percentage of compensation.

*Discount rate.* The discount rate is the single rate that reflects (a) the long-term expected rate of return on pension plan investments that are expected to be used to finance payment of benefits, to the extent that the Plan’s fiduciary net position is expected to be invested using a strategy to achieve that return, and (b) a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher or equivalent quality on another scale), to the extent that the conditions for use of the long-term expected rate of return are not met. Since the fiduciary net position is projected to be positive in all future years, the discount rate is equal to the investment earnings assumption of 3.5 percent.

**Changes in the Net Pension Liability**

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2017	\$ 4,271	\$ 6,886	\$ (2,615)
Changes for the year:			
Service cost	-	-	-
Interest	143	-	143
Differences between expected and actual experience	539	-	539
Contribution - employer	-	217	(217)
Contributions - employee	-	-	-
Net investment income	-	132	(132)
Benefit payments, including refunds of employee contributions	(356)	(356)	-
Administrative expenses	-	(15)	15
Other charges	-	-	-
Net changes	<u>327</u>	<u>(21)</u>	<u>348</u>
Balance at December 31, 2018	<u>\$ 4,598</u>	<u>\$ 6,865</u>	<u>\$ (2,267)</u>

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the city, calculated using the discount rate of 3.5 percent, as well as what the city’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.5 percent) or 1 percentage point higher (4.5 percent) than the current rate:

	1% Decrease (2.5%)	Current Discount Rate (3.5%)	1% Increase (4.5%)
City's net pension liability	\$ (1,852)	\$ (2,267)	\$ (2,627)

**Pension Asset, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Firefighter’s Pension**

For the year ended December 31, 2018, the city recognized a negative pension expense of \$0.3 million. There were no deferrals of resources as the actuarial report made the assumptions and valuations as of the end of the city’s fiscal year. For the year ended December 31, 2018, the city reported a receivable of \$2.3 million for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2018.

**Municipal Employees’ Benefit Trust**

**Plan Description**

The Municipal Employees’ Benefit Trust (MEBT) is a multiple-employer defined-contribution pension plan which was established as an alternative to the federal Social Security System when city employees, by majority vote, approved the city’s withdrawal from that system effective September 30, 1972, pursuant to United States Code Annotated, Section 418(g). The plan is administered by the Municipal Employees’ Benefit Trust Committee, a five-member committee appointed by the Bellevue City Manager. The Plan Committee administers the MEBT Plan according to the plan document adopted by the city and all applicable IRS regulations. Plan provisions may be established and amended by a majority vote of the Plan Committee. MEBT includes seven participating cities and NORCOM, with a total of 5,791 participants (Bellevue has 1,777 MEBT 1 participants and 459 MEBT 2 participants). Long-term disability coverage and a death benefit are provided for all employees. The plan’s investments are held under a trust agreement with Security Trust Company.

*Eligibility.* To participate in MEBT, an employee must meet one of the following criteria; 1) Regular status employees of the City of Bellevue (as defined by Human Resources Code Section 3.79); 2) City Councilmember; and 3) Employee

designated as eligible for MEBT by the City Council, which is currently Limited Term, Training and Transitional employees. These employees are eligible to participate in MEBT, as of their hire date. Participation in MEBT is voluntary. Hourly employees, who do not participate in PERS, participate in MEBT 2 as of their hire date. Participation in MEBT 2 is mandatory for these employees.

*Contributions.* Regular employees, who elect to participate in MEBT, may contribute on a pre-tax and/or after-tax basis. The aggregate amount of basic contributions for any participant is limited to 100 percent of the FICA tax rate (6.2 percent) on compensation up to the Social Security wage base plus 100 percent of the Medicare tax rate (1.45 percent).

Hourly employees who do not participate in PERS are required to make mandatory contributions equal to 100 percent of the FICA tax rate, currently 6.2 percent of compensation.

Employees may elect to contribute additional compensation on a pre-tax and/or after-tax basis. Basic contributions plus salary deferral contributions plus extra contributions are limited only by federal rules.

The city contributes to the Bellevue Contribution Account each pay period 100 percent of the FICA tax rate on all eligible employee compensation up to the Social Security wage base plus 100 percent of the Medicare tax rate on all compensation for eligible employees who were hired prior to April 1, 1986.

As of the last day of each month, the employer contributions plus forfeitures less administrative fees and insurance premiums paid during the month are allocated to eligible employees participating in MEBT during the month in the same proportion as each participant's basic pre-tax and after-tax contributions bear to the total basic pre-tax and after-tax contributions.

The city incurred a total expense of \$8.4 million for MEBT for the year ending December 31, 2018. Employees may contribute up to federal deferral limits, annual addition limits, and any other tax rules that may apply. Actual employee contributions to the plan for 2018 were as follows, in thousands:

	MEBT 1	MEBT 2
Participants	\$ 7,703	\$ 138

***Vesting***

Regular employees become fully vested after three years. Hourly employees are fully vested immediately.

**Meydenbauer Center Retirement Plan and Trust**

***Plan Description***

The Bellevue Convention Center Authority's (discretely presented component unit), Meydenbauer Center Retirement Plan and Trust (Plan) is a defined contribution plan qualified for public employers under Internal Revenue Code Section 401(a). The Plan, approved by resolution of the Bellevue Convention Center Authority Board of Directors on June 14, 1995, became effective July 1, 1995. Wells Fargo Bank serves as the Plan Administrator, Plan Trustee and Investment Manager. As of December 31, 2018, there were 84 active participants in the Plan. The Plan is established as a retirement plan and contains no provision for withdrawing money prior to the termination of employment. Upon termination of employment or retirement, employees receive the account balance of employee contributions and the vested portion of the employer account credited with investment earnings. In the event of employee death or disability, the employee account becomes immediately vested and the full value of the account may be paid out. The plan document defines disability according to specific Federal guidelines. Each regular employee having completed one year of employment and 1,000 hours of service is eligible to participate in the plan. Participation in the Plan is mandatory for all regular employees hired after May 1, 1995.

***Contributions***

The Authority and employees each contribute 5 percent of compensation to the Plan. Additionally, each participant may contribute on his or her own behalf at least 1 percent but not more than 10 percent of his or her compensation on a post-tax basis. The Authority's contributions to the Plan were based on percent of covered payroll. Actual contributions to the plan for 2018 were as follows, in thousands:

Participants	\$ 227
Authority	\$ 179

## Note 8: Other Personnel Benefits

### ***Plan Description***

The City of Bellevue’s LEOFF 1 Other Postemployment Benefits Plan (the Health Plan) is a single-employer defined benefits healthcare plan administered by the city. In accordance with RCW 41.26, the city provides lifetime medical care for law enforcement officers and fire fighters employed prior to October 1, 1977. Under this requirement, most coverage for eligible retirees is provided in one of the city’s employee medical insurance programs. However, under authorization of the Disability Board, direct payment is also made for some retiree medical expenses not covered by standard benefit plan provisions. The retiree does not contribute towards the cost of medical care.

### ***Benefits provided***

The Health Plan provides medical, prescription drug, Medicare premiums, long-term care, and other medical expenses for LEOFF 1 retirees. Dependent spouses and children are not covered. The city does not require retiree contributions. All benefits are paid in full by the city. The Health Plan’s actuary is Arthur J. Gallagher and Co. The Health Plan does not issue a separate standalone financial report.

### ***Employees covered by benefit terms***

At December 31, 2018, the following employees were covered by the benefits terms:

Inactive employees currently receiving benefit payments	122
Inactive employees entitled but not yet receiving benefit payments	-
Active employees	<u>1</u>
	<u><u>123</u></u>

This plan is closed to new entrants.

### ***Total OPEB liability***

The city’s total OPEB liability of \$28.5 million was measured as of December 31, 2018 and was determined by an actuarial valuation date of January 1, 2019.

### ***Actuarial assumptions and other inputs***

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumption and other inputs, applied to all periods included in the measurement unless otherwise specified:

Medical Consumer Price index Trend	Chain -CPI of 2% per annum
Salary increases	3.0%
Discount rate	4.1%
Healthcare cost trend rate	4.5%

The discount rate was based on Bond Buyer 20-Bond GO index.

Mortality rates were based on RP-2014 generational table back project to the year 2006 and scaled using MP-18. The tables are applied on gender-specific basis.

The key demographic assumptions are based on the LEOFF assumptions published in the 2017 Washington State pension actuarial valuation report with a demographic experience study performed in November 2014 for the experience period 2007 to 2012.

**Changes in the Total OPEB liability**

	<b>Total OPEB Liability (In thousands)</b>
Balance at January 1, 2018	<u>\$ 31,260</u>
Changes for the year:	
Service costs	4
Interest costs	1,045
Changes of benefit terms	-
Differences between expected and actual experience	-
Change in assumption or other inputs	(1,988)
Contributions from employer	-
Net investment income	-
Benefit payments	(1,774)
Administration expenses	-
Net change in total OPEB liability	<u>(2,713)</u>
Total OPEB liability at December 31, 2018	<u><u>\$ 28,547</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.5 percent in 2017 to 4.1 percent in 2018 due to the changes in discount rate setting methodology under the new standards of GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.”

**Sensitivity of the total OPEB liability to changes in the discount rate**

The following presents the total OPEB liability of the city, as well as what the city’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.1 percent) or 1 percentage point higher (5.1 percent) than the current discount rate, in thousands:

1% Decrease (3.1%)	Discount Rate (4.1%)	1% Increase (5.1%)
\$ 31,751	\$ 28,547	\$ 25,774

**Sensitivity of the total OPEB liability changes in the health care cost trend rates**

The following present the total OPEB liability of the city, as well as what the city’s total OPEB liability would be if it were calculated using health cost trend rates that are 1 percentage point lower (3.5 percent) or 1 percentage point higher (5.5 percent) than the current health cost trend rate:

Healthcare Cost		
1% Decrease (3.5%)	Trend Rates (4.5%)	1% Increase (5.5%)
\$ 31,649	\$ 28,547	\$ 25,910

**OPEB expenses and Deferred Outflows of Resources and Deferred Inflow of Resources Related to OPEB**

For the year ended December 31, 2018, the city recognized an OPEB expense of \$0.9 million. At December 31, 2018, the city did not have any reportable deferred outflows of resources or deferred inflows of resources related to OPEB.

No amounts are to be reported as deferred inflows of resources and deferred inflows of resourced related to OPEB over time.

## Note 9: Compensated Absences

The city's liability for accrued compensated absences is recorded in the schedule below, in thousands. The funds that incur a liability for compensated absences are responsible for liquidating them in future periods.

Governmental activities:	
General fund	\$ 10,890
Nonmajor governmental funds	<u>282</u>
Total governmental activities	11,172
Business-type activities:	
Storm & surface water utility	307
Water utility	358
Sewer utility	<u>339</u>
Total business-type activities	1,004
Internal Service activities	<u>935</u>
Total compensated absences	<u>\$ 13,111</u>

## Note 10: Risk Management

The City of Bellevue is exposed to financial loss resulting from city-caused damage to property or persons, bodily injuries or illness of employees, unemployment compensation benefits paid to former employees, and employee health care benefits. Except as described below, the city is self-insured for these loss exposures. Individual internal service funds are used to account for and finance self-insurance activities. These include workers' compensation, unemployment compensation, general liability, and employee health care benefits. Premiums paid to these funds by other governmental funds are used to pay for administrative costs, claims, risk transfer/insurance, and risk margin factors to cover future unknown loss contingencies.

In accordance with GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", estimated liabilities are accrued in all self-insurance funds for the value of current outstanding claims and claims incurred but not reported (IBNR). Annual actuarial studies are performed for the Workers' Compensation Fund, General Self-Insurance Fund, and Health Benefits Fund to determine recommended funding levels for related risk areas. The city has not purchased annuity contracts for any of its outstanding claims.

At December 31, 2018, the city had available cash and equity in pooled investments in the self-insurance funds of \$17.0 million to provide against risk of catastrophic losses. The claims liability reported in the self-insurance funds is based on the requirements of GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues". Prior to the issuance of the financial statements, the standard requires that a liability for claim be reported if it is probable that a liability has been incurred at the date of the financial statements and can be reasonably estimated. This estimated liability is not discounted to present value.

City of Bellevue, Washington

Changes in the Funds' claims liability amount from fiscal year ended December 31, 2017 to December 31, 2018, in thousands:

	<u>Workers'</u> <u>Compensation</u>	<u>Unemployment</u> <u>Compensation</u>	<u>General</u> <u>Self-Insurance</u>	<u>Health</u> <u>Benefits</u>
December 31, 2017:				
Unpaid claims, beginning of fiscal year	\$ 2,400	\$ 55	\$ 2,413	\$ 1,545
Incurred claims (including IBNR)	1,359	159	1,808	18,313
Claim payments	<u>(1,314)</u>	<u>(193)</u>	<u>(1,451)</u>	<u>(18,122)</u>
Unpaid claims, December 31, 2017	<u>\$ 2,445</u>	<u>\$ 21</u>	<u>\$ 2,770</u>	<u>\$ 1,736</u>
December 31, 2018:				
Unpaid claims, beginning of fiscal year	\$ 2,445	\$ 21	\$ 2,770	\$ 1,736
Incurred claims (including IBNR)	2,314	184	913	18,261
Claim payments	<u>(2,015)</u>	<u>(168)</u>	<u>(1,113)</u>	<u>(18,527)</u>
Unpaid claims, December 31, 2018	<u>\$ 2,744</u>	<u>\$ 37</u>	<u>\$ 2,570</u>	<u>\$ 1,470</u>
Due within one year	\$ 1,464	\$ 37	\$ 986	\$ 1,470
Due in more than one year	\$ 1,280	\$ -	\$ 1,584	\$ -

Under the city's self-insurance program, the following commercial insurance policies are purchased to protect the city from claims which exceed anticipated funding levels. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.



City of Bellevue, Washington

<u>Policy Type</u>	<u>Deductible</u>	<u>Coverage</u>	<u>Description</u>
Excess Workers' Compensation Employer's Liability - All Employees	\$ 500,000	\$ 2,000,000	Protects the city from unanticipated levels of workers' compensation claims.
Boiler & Machinery	100,000	491,000,000 (A)	Protects the city from loss due to damage to buildings, and contents from boilers and machinery.
Real & Personal Property	10,000	491,000,000 (A)	Protects the city from loss by fire and other extended coverages.
Earth Movement	100,000 or 3% of value	40,000,000 (A)	Protects the city from loss by earth movement.
Flood	100,000	40,000,000 (A)	Protects the city from loss by flood.
Medical Stop Loss	250,000	Unlimited (B)	Stop-loss coverage protects the city from excessive individual claims.
Excess Liability Coverage	2,000,000	20,000,000 (A)	Protects the city from excessive individual liability losses.
Fiduciary Liability	15,000	7,000,000	Protects the city's retirement plans from wrong doing by board members.
Fine Arts	None	1,100,000	Protects the city from loss due to damage to its art work.
Crime & Fidelity, Employee Theft, Forgery or Alteration, Funds Transfer Fraud	10,000	1,000,000 (A)	Protects the city from loss due to employee dishonesty and other extended coverages.
Privacy & Network Liability	50,000	5,000,000	Protects the city from loss due to a data breach and other extended coverages.
Garage Keepers Liability	1,000	1,000,000 (A)	Protects the city from loss due to its non-city owned vehicle repair operations.
Storage Tank Liability	5,000	4,000,000	Protects the city from loss due to any third party liability claims resulting from underground storage tank incidents.
Terrorism or Sabotage	25,000	200,000,000	Protects the city from loss due to an act of terrorism or sabotage.
Auto & Equipment Physical Damage	25,000	10,000,000 (A)	Protects the city from loss due to damage to vehicles and equipment.
International Advantage	None	4,000,000	Protects all city employees while traveling abroad
		(A)	per occurrence
		(B)	per individual

***Discretely Presented Component Unit***

The Bellevue Convention Center Authority utilizes Parker, Smith and Feek, Inc. for marketing and placement of its commercial policies. The Authority maintains insurance against most common hazards, including damage to the building, theft, natural disasters, and illness or injuries to clients, guests, and employees.

**Note 11: Leases and Other Contractual Commitments**

**Operating Leases**

***Terranomics Crossroads Associates***

Effective November 10, 1994, the city entered into a one-year non-cancelable lease agreement with Terranomics Crossroads Associates to provide a Mini City Hall in the Crossroads area. Since 1994 the lease has been extended via

mutual agreement between both parties. The current lease extension ends November 30, 2023. Total lease payments for 2018 were \$18 thousand. Future minimum lease payments to Terranomics Crossroads Associates are \$82 thousand for January 1, 2019 to November 30, 2023.

Effective September 25, 2000, the city entered into a five-year non-cancelable lease agreement with Terranomics Crossroads Associates to provide a Community Police substation in the Crossroads area. Since 2000, the lease has been extended via mutual agreement between both parties. The current lease extension ends September 2020. Total lease payments for 2018 were \$26 thousand. Future minimum lease payments to Terranomics Crossroads Associates are \$42 thousand for January 1, 2019 to September 2020.

***Factoria Square Police Substation***

Effective August 1, 2016, the city entered into a five-year lease agreement with Kimschott Factoria Mall, LLC to provide space designated for a police substation within Factoria Mall. The current lease ends July 31, 2021. Total lease payments for 2018 were \$15 thousand. Future minimum lease payments to Kimschott Factoria Mall, LLC are \$40 thousand for January 1, 2019 to July, 2021.

***Delta Business Park***

Effective January 1, 2005, the city entered into a five-year lease agreement with Delta Business Park for a storage facility for use by the Police Department. Since 2005 the lease has been extended via mutual agreement between both parties. The current lease ends December 31, 2019. Total lease payments for 2018 were \$17 thousand. Future minimum lease payments to Delta Business Park are \$13 thousand for January 1, 2019 to December 31, 2019.

Effective July 1, 2016 the city entered into another five-year lease agreement with Delta Business Park for a building to store vehicles and equipment. Total lease payments for 2018 were \$33 thousand. Future minimum lease payments to Delta Business Park are \$66 thousand for January 1, 2019 to June 30, 2021.

***North East King County Regional Public Safety Communications Agency (NORCOM)***

Effective July 1, 2009, the city entered into a seven-year non-cancelable lease agreement with NORCOM to lease premises on the seventh floor of Bellevue City Hall during which time it will operate its public safety communications services. The lease automatically renewed on July 1, 2016 for an additional seven years ending on June 30, 2023, with another automatic seven-year renewal. Total lease receipts for 2018 were \$515 thousand.

The premises leased by NORCOM have a cost of \$4.6 million with accumulated depreciation of \$1.3 million and a carrying value of \$3.2 million.

***District Court***

The city entered into an 11-year lease agreement for office space related to the District Court. The lease term began on July 1, 2014 and ends on June 30, 2025. There are 3 options for extensions in 5-year increments for a total of 15 additional years. Payments began on July 1, 2016. Total lease payments for 2018 were \$937 thousand.

Minimum future rental payments are summarized as follows, in thousands:

<b>Future Minimum Lease Payments</b>	
2019	\$ 647
2020	667
2021	687
2022	707
2023	729
Thereafter	<u>1,131</u>
Total future minimum lease payments	<u>\$ 4,568</u>

**Construction/Other Contractual Commitments**

The city's outstanding contractual commitments by fund type as of December 31, 2018 are summarized below, in thousands:

Governmental activities:	
General Fund	\$ 259,163
General CIP	68,005
Nonmajor governmental funds	<u>12,599</u>
Total governmental activities	339,767
Business-type activities:	
Storm & surface water utility	5,807
Water utility	31,473
Sewer utility	17,681
Nonmajor business-type funds	<u>45</u>
Total business-type activities	55,007
Total outstanding contractual commitments	<u>\$ 394,774</u>

**Note 12: Interfund Receivables, Payables, and Transfers**

Interfund balances as of December 31, 2018 were as follows, in thousands:

<b>DUE TO/FROM OTHER FUNDS</b>	<u>Receivable</u>	<u>Payable</u>
Governmental funds:		
General Fund	\$ -	\$ 73
Proprietary funds:		
Storm Drainage Utility	-	6
Water Utility	-	8
Sewer Utility	-	6
Internal Service Funds	<u>93</u>	-
Total due other funds	<u>\$ 93</u>	<u>\$ 93</u>

Receivable and payable balances due to and due from funds consist of loans between city funds. The general fund receivables relate to business and occupation taxes on utility fund service revenue. Water utility receivables relate to water service provided to city departments.

Interfund transfers as of December 31, 2018 were as follows, in thousands:

INTERFUND TRANSFERS	In	Out
Governmental funds:		
General Fund	\$ 5,185	\$ 9,357
General Capital Investment Program	323	19,982
Nonmajor governmental funds	25,262	2,330
Proprietary funds:		
Storm Drainage Utility	69	-
Water Utility	51	-
Sewer Utility	51	-
Internal Service Funds	1,558	1,312
Total Transfers	\$ 32,499	\$ 32,981

The city incurs transfers for subsidies, indirect overhead, capital improvements, capital purchases, and debt service. The interfunds do not balance due to a one-way asset transfer from the Facilities Funds to the General Fund.

### Note 13: Long-Term Liabilities

The various categories of long-term liabilities reflected on the city's financial statements are briefly described in the following paragraphs.

#### Long-Term Debt

General obligation bonds are backed by the city's full faith and credit. Proceeds are typically used for the acquisition or construction of major capital facilities, or to refund debt previously issued for those purposes. Councilmanic Bonds are general obligation bonds issued by the City Council without voter approval. Under Washington State law, repayment of these bonds must be paid from general city revenues. General obligation bonds approved by the voters are typically repaid through an annual voted property tax levy authorized for this purpose. Predominantly, general obligation bonds of the city have been issued for general governmental activity purposes.

The general obligation bond issues are recorded under governmental activities in the statement of net position. These bonds are subject to federal arbitrage rules.

On April 30, 2013, the city issued \$70.4 million in limited tax general obligation (LTGO) bonds with an average interest rate of 4.336 percent to finance, reimburse or refinance a portion of the city's capital improvement program. Maturity dates range from 2032 through 2037.

On April 28, 2015, the city issued \$97.9 million in LTGO bonds with an average interest rate of 4.40 percent to finance, reimburse or refinance a portion of the city's capital investment program, acquire certain real property, finance improvements to the Meydenbauer Convention Center, and refund a portion of the city's outstanding LTGO bonds to obtain the benefit of debt service savings. Maturity dates range from 2026 through 2034.

On June 9, 2017, the city entered a Transportation Infrastructure Finance and Innovation Act (TIFIA) limited tax general obligation bond with a principal amount of \$99.6 million in project proceeds and up to \$20.4 million in capitalized interest. At a closing interest rate of 2.86 percent, the closing terms provided the city with a full deferral to pay debt service until 2024; two years post project substantial completion. Interest that accrues prior to the first debt service payment will be capitalized. In addition, the terms allow for a phased disbursement, with no change in interest rate. The city will draw loan disbursement in conjunction with spending. The bond will mature in either December of 2056 or 35 years post substantial completion, whichever is earlier.

Revenue bonds are payable from revenues generated by the city's various enterprise activities. Under the economic resources measurement focus used by the enterprise funds, debt for these bonds is recorded as a liability by the individual fund responsible for the related debt repayment.

The city has pledged 100 percent of future transient occupancy tax (also called hotel/motel tax) revenue to repay \$34.9 million in special obligation revenue bonds issued in 1991 and 1994 by the Bellevue Convention Center Authority, \$22.4 million in limited tax general obligation bonds issued in 1995, 2010 (refunding 2002 bonds), and 2015 by the city. Proceeds from the special obligation revenue bonds provided financing for constructing a convention center facility. Proceeds from the LTGO bonds issued in 1995 provided financing for capital improvements and related costs for the Convention Center. Proceeds from the 2010 (refunding 2002 bonds) issuance provided financing for acquiring a site for expansion and/or making improvements to the Convention Center. The 2015 LTGO bond issuance provided financing for building envelope remediation, interior improvements, and technology installations in the Convention Center. The bonds are payable solely from the hotel/motel tax revenue through 2034 or when all debt payments have been made, whichever is earlier. Any remaining hotel/motel tax revenue after satisfying debt service payments are remitted to the Authority to fund operations. Annual principal and interest payments on the bonds are expected to require less than 80 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$83.2 million. Principal and interest paid for the current year and total pledged revenue were \$9.5 million and \$12.6 million, respectively.

The city has pledged 100 percent of future moorage revenues at Meydenbauer Bay Marina to repay \$3.3 million in limited tax general obligation bonds issued in 2010 (refunding 1998 bonds). Proceeds from the bonds provided financing to acquire the Meydenbauer Bay Marina. The bonds were payable from rates and charges for moorage at the Meydenbauer Bay Marina through 2018. The total principal and interest has been paid in full. Principal and interest paid for the current year and total pledged revenue were both \$0.5 million.

### **Advanced Refunding**

On September 28, 2010, the city issued \$12.9 million in limited tax general obligation (LTGO) refunding bonds with an average interest rate of 3.62 percent to advance refund: \$3.4 million of outstanding 1998 LTGO Marina bonds with an average interest rate of 4.57 percent and \$9.6 million of outstanding 2002 LTGO Meydenbauer Center bonds with an average interest rate of 5.21 percent.

The net proceeds of \$13.2 million were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1998 and 2002 LTGO bonds. As a result, the 1998 and the 2002 LTGO bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

The city advance refunded the 1998 and the 2002 LTGO bonds to reduce its total combined debt service payments over the next 22 years by \$2.1 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1.6 million. The advance refunding also resulted in a difference between the net reacquisition price (funds deposited in escrow to refund old bonds) and the net carrying amount of the old debt of \$0.7 million. This amount is being charged to operations through the year 2032 using the effective interest method.

On April 17, 2012, the city issued \$55.9 million in limited tax general obligation (LTGO) refunding bonds with an average interest rate of 4.67 percent to advance refund a portion, \$55.3 million, of the total outstanding \$100.2 million LTGO Bonds, Series 2004 (New City Building) with an average interest rate of 5.35 percent.

The net proceeds of \$63.2 million, after payment of \$274 thousand in underwriting fees and other debt issuance costs, were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the advance refunded portion of the 2004 LTGO Bonds. As a result, the advance refunded portion of the 2004 LTGO Bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

The city advance refunded a portion, \$55.3 million, of the 2004 LTGO Bonds to reduce its total combined debt service payments over the next 28 years by \$5.9 million and to obtain an economic gain of \$3.8 million. The advance refunding also resulted in a difference between the net reacquisition price and the net carrying amount of the old debt of \$6.8 million. This amount, reported in the statement of net position as a deferred outflow of resources, is being charged to operations through the year 2039 using the effective interest method.

On July 18, 2012, the city issued \$43.2 million in LTGO refunding bonds, (2012B) with an average interest rate of 4.33 percent to advance refund the remaining callable portion, \$40.8 million, of the total outstanding \$44.9 million LTGO Bonds, Series 2004 (New City Building) with an average interest rate of 5.08 percent.

The net proceeds of \$45.5 million, after payment of \$174 thousand in underwriting fees and other debt issuance costs, were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the remaining advance refunded portion of the 2004 LTGO Bonds. As a result, the remaining callable portion of the 2004 LTGO Bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

The city advance refunded the remaining callable portion of the 2004 LTGO bonds to reduce its total combined debt service payments over the next 32 years by \$3.7 million and to obtain an economic gain of \$2.2 million. The advance refunding also resulted in a difference between the net reacquisition price and the net carrying amount of the old debt of \$4.5 million. This amount, reported in the statement of net position as a deferred outflow of resources, is being charged to operations through the year 2043 using the effective interest method.

On April 28, 2015, the city issued \$11.2 million in LTGO refunding bonds, with an average interest rate of 4.40 percent to advance refund a portion of: 2006 LTGO debt, \$3.3 million, of the total debt outstanding \$4.2 million with an average interest rate of 4.62 percent and 2008 LTGO debt, \$7.9 million, of the total debt outstanding \$10.3 million with an average interest rate of 4.32 percent.

The net proceeds of \$13.1 million, after payment of \$40 thousand in underwriting fees and other debt issuance costs, were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the advance refunded portion of the 2006 and 2008 LTGO bonds. The refunded portion of the 2006 and 2008 bonds is considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

The city advance refunded a portion of the 2006 and 2008 LTGO bonds to reduce its total combined debt service payments over the next 10 years by \$940 thousand and to obtain an economic gain of \$805 thousand. The advance refunding resulted in a difference between the net reacquisition price and the net carrying amount of the old debt of \$1.1 million. This amount, reported in the statement of net position as a deferred outflow of resources, is being charged to operations through the year 2027 using the effective interest method.

#### **Other Long-Term Liabilities**

Other long-term debt incurred by the enterprise and governmental funds includes State Department of Community Development Public Works Trust Fund loans, which were made to finance designated capital project construction costs.

City of Bellevue, Washington

**LONG- TERM DEBT GOVERNMENTAL ACTIVITIES**  
**For the Year Ended December 31, 2018**  
(in thousands)

Description	Interest Rate	Fund Responsible to Pay Debt	Issue Date	Maturity Date	Original Debt Issued	Debt Outstanding 1/1/18	Debt Issued	Debt Redeemed	Debt Outstanding 12/31/18
General Obligation Bonds-Councilmanic:									
1995 Limited G.O.	5.15-5.80%	Hotel/ Motel Tax	12/27/95	12/01/25	\$ 5,139	\$ 1,354	\$ -	\$ 205	\$ 1,149
2010 Limited Tax G.O.	2.00-5.00%	General CIP	10/14/10	12/01/30	11,825	8,615	-	515	8,100
2010 Limited Tax G.O. Refunding Series 2002	2.00-4.00%	Hotel/ Motel Tax	09/28/10	12/01/32	9,595	7,340	-	375	6,965
2012 Limited G.O. Refunding Series 2012	2.00-5.00%	General CIP	04/17/12	12/01/39	55,875	50,665	-	1,770	48,895
2012 Limited G.O. Refunding Series 2012B	2.00-5.00%	General CIP	07/18/12	12/01/43	43,185	42,900	-	60	42,840
2013 Limited Tax G.O. Sound Transit Portion	2.00-5.00%	General CIP	04/15/13	12/01/32	62,605	52,510	-	2,465	50,045
2013 Limited G.O. Local Revitalization	2.00-5.00%	Debt Service	04/15/13	12/01/37	7,800	6,730	-	210	6,520
2015 Limited G.O. Refunding Series 2006	3.00-5.00%	General CIP	04/28/15	12/01/26	3,295	3,035	-	275	2,760
2015 Limited G.O. Refunding Series 2008	3.00-5.00%	General CIP	04/28/15	12/01/27	7,855	7,855	-	630	7,225
2015 Limited G.O. Metro & CIP	3.00-5.00%	General CIP	04/28/15	12/01/34	79,140	75,385	-	3,035	72,350
2015 Limited G.O. BCCA	3.00-5.00%	Hotel/ Motel Tax	04/28/15	12/01/34	7,645	7,280	-	295	6,985
Transportation Infrastructure Finance and Innovation Act	2.86%	General CIP	06/09/17	12/01/56	99,600	-	990	-	990
Other Long- Term Debt:									
Public Works Trust Fund Loan #06-962	0.50%	General CIP	02/01/07	02/01/28	750	359	-	40	319
<b>Total</b>					<b>\$ 394,309</b>	<b>\$ 264,028</b>	<b>\$ 990</b>	<b>\$ 9,875</b>	<b>\$ 255,143</b>

City of Bellevue, Washington

**LONG-TERM DEBT – BUSINESS TYPE ACTIVITIES**  
**For the Year Ended December 31, 2018**  
(in thousands)

Description	Interest Rate	Fund Responsible to Pay Debt	Issue Date	Maturity Date	Original Debt Issued	Debt Outstanding 1/1/18	Debt Issued	Debt Redeemed	Debt Outstanding 12/31/18
General Obligation Bonds-Councilmanic 2010 Limited G.O. Refunding Series 1998	2.00-4.00%	Marina	09/28/10	12/1/18	\$ 3,280	\$ 460	\$ -	\$ 460	\$ -
Total					\$ 3,280	\$ 460	\$ -	\$ 460	\$ -

At December 31, 2018, the city's annual debt service requirements for general obligation, revenue, special assessment bonds and other debt were:

**ANNUAL DEBT SERVICE REQUIREMENT TO MATURITY**  
(in thousands)

Year	General Obligation Bonds		Special Assessment Bonds		Governmental Activities Other Debt		Business-Type Activities Other Debt		Total Annual Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2019	\$ 10,293	\$ 11,655	\$ -	\$ -	\$ 40	\$ 2	\$ -	\$ -	\$ 21,990
2020	10,753	11,194	-	-	40	1	-	-	21,988
2021	11,253	10,685	-	-	40	1	-	-	21,979
2022	11,783	10,154	-	-	40	1	-	-	21,978
2023	12,350	9,600	-	-	40	1	-	-	21,991
2024-2028	68,720	37,216	-	-	120	1	-	-	106,057
2029-2033	69,902	21,352	-	-	-	-	-	-	91,254
2034-2038	30,684	9,418	-	-	-	-	-	-	40,102
2039-2043	28,584	3,607	-	-	-	-	-	-	32,191
2044-2048	172	61	-	-	-	-	-	-	233
2049-2053	198	35	-	-	-	-	-	-	233
2054-2056	133	7	-	-	-	-	-	-	140
Total	\$ 254,825	\$ 124,984	\$ -	\$ -	\$ 319	\$ 7	\$ -	\$ -	\$ 380,134



City of Bellevue, Washington

**LONG-TERM DEBT – DISCRETELY PRESENTED COMPONENT UNIT**  
**BELLEVUE CONVENTION CENTER AUTHORITY**  
**For the Year Ended December 31, 2018**  
(in thousands)

Description	Interest Rate	Issue Date	Maturity Date	Original	Debt	Debt Issued	Debt Redeemed	Debt
				Debt Issued	Outstanding 1/1/18			Outstanding 12/31/18
1991 Series B	5.9-7.20%	08/01/91	12/01/19	\$ 21,120	\$ 1,319	\$ -	\$ 647	\$ 672
1994 Refunding	6.25-7.50%	11/05/93	12/05/25	13,749	7,600	-	558	7,042
Total Revenue Bonds				<u>\$ 34,869</u>	<u>\$ 8,919</u>	<u>\$ -</u>	<u>\$ 1,205</u>	<u>\$ 7,714</u>
Add:								
Unamortized gain on advance refunding								5
Total								<u>\$ 7,719</u>

The Bellevue Convention Center Authority's revenue bonds are secured by hotel/motel tax and other revenues of the city available without a vote of the city's electors.

At December 31, 2018 Bellevue Convention Center Authority's debt service requirements for revenue bonds were:

**ANNUAL DEBT SERVICE REQUIREMENT TO MATURITY**  
(in thousands)

Year	Revenue Bonds		Total Annual Requirements
	Principal	Interest	
2019	\$ 1,180	\$ 6,795	\$ 7,975
2020	539	2,901	3,440
2021	1,238	7,262	8,500
2022	1,224	7,826	9,050
2023	1,269	8,831	10,100
2024-2025	2,264	17,836	20,100
Total	<u>\$ 7,714</u>	<u>\$ 51,451</u>	<u>\$ 59,165</u>

**CHANGES IN LONG-TERM LIABILITIES**  
(in thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 263,669	\$ 990	\$ (9,835)	254,824	\$ 10,293
Add: for issuance premium	27,099	-	(1,624)	25,475	-
Compensated absences	11,504	9,974	(9,371)	12,107	3,632
Estimated claims payable	6,972	21,672	(21,823)	6,821	3,957
Net pension liability	51,234	38,987	(51,234)	38,987	-
Other post employment benefits	9,576	21,684	(2,713)	28,547	-
Other long-term debt	359	-	(40)	319	40
<b>Total</b>	<b>\$ 370,413</b>	<b>\$ 93,307</b>	<b>\$ (96,640)</b>	<b>\$ 367,080</b>	<b>\$ 17,922</b>
<b>Business Activities:</b>					
General obligation bonds	\$ 460	\$ -	\$ (460)	\$ -	-
Add: for issuance premiums	17	-	(17)	-	-
Compensated absences	1,105	838	(939)	1,004	301
Net pension liability	7,857	4,090	(7,857)	4,090	-
<b>Total</b>	<b>\$ 9,439</b>	<b>\$ 4,928</b>	<b>\$ (9,273)</b>	<b>\$ 5,094</b>	<b>\$ 301</b>
<b>Bellevue Convention Center Authority:</b>					
Revenue bonds	\$ 8,919	\$ -	\$ (1,205)	\$ 7,714	\$ 1,180
Compensated absences	126	4	-	130	13
Accrued interest on revenue bonds	35,350	-	(3,271)	32,079	-
Deposits payable	75	52	-	127	-
<b>Total</b>	<b>\$ 44,470</b>	<b>\$ 56</b>	<b>\$ (4,476)</b>	<b>\$ 40,050</b>	<b>\$ 1,193</b>

Compensated absences are liquidated in the General Fund, Solid Waste Fund, and Park Enterprise Fund. Estimated claims expenses are liquidated in internal service funds. Other post-employment benefits are liquidated in the LEOFF I Medical Reserve Fund. The pension liabilities for PERS 1 and PERS 2/3 are liquidated by the general government, internal service funds, and business type funds based on the contribution allocation.

### Note 14: Related Party Transactions

The city acts as a conduit for hotel/motel taxes which are collected by the city and transmitted to the Bellevue Convention Center Authority, a discretely presented component unit of the city, for debt service. The total taxes remitted as of December 31, 2018 totaled \$10.6 million.

### Note 15: Contingencies and Litigation

As of December 31, 2018, there were various claims for damages and lawsuits pending against the City. In the opinion of the City Attorney, however, neither the potential liability for any single claim or lawsuit, nor the aggregate potential liability arising from all actions currently pending, would materially affect the financial condition of the City, and therefore, no current or long-term liability has been recorded.

## **Note 16: Joint Ventures**

### **Eastside Public Safety Communications Agency (EPSCA)**

The city is a participant (Principal) with the cities of Redmond, Kirkland, Mercer Island and Issaquah in a joint venture to operate a public safety radio communication system. The Eastside Public Safety Communications Agency (EPSCA), a not-for-profit corporation, was created to provide system management services. The EPSCA is governed by an Executive Board composed of one representative from each Principal.

A Principal may withdraw its membership and terminate its participation by providing written notice and serving that notice on the EPSCA Executive Board on or before December 31 in any year. After providing appropriate notice, that Principal's membership withdrawal will be effective on the last day of the calendar year.

Upon dissolution of the corporation, the net position of the EPSCA will be shared proportionally by participating agencies at the time of dissolution. The Principals are each obligated by interlocal agreement to remit costs related to the public safety radio communication system based upon the number of radios each participating agency has contracted for in order to supplement the EPSCA's operating revenues. The city paid \$206 thousand in services fees in 2018.

Complete financial statements for the EPSCA can be obtained from EPSCA, MS PSEPS, c/o Scott Hatfield PO Box 97010, Redmond, WA 98073-9710.

### **Cascade Water Alliance**

The city is a participant (Member) in a joint venture to operate a water supply system with the following entities: Issaquah, Kirkland, Redmond, Tukwila, Sammamish Plateau Water and Sewer District, and Skyway Water and Sewer District. Cascade Water Alliance (Alliance), a joint municipal utility service corporation, was created to provide water supply to meet current and future needs in a cost-effective and environmentally responsible manner. The Alliance is governed by a Board of Directors consisting of one individual representative from each Member, appointed by resolution of the Member's legislative authority.

A Member may withdraw from the Alliance with a resolution of its legislative authority expressing such intent. The Board will then determine the withdrawing Member's obligations to the Alliance, as well as the withdrawing Member's allocable share of the Alliance's existing obligations. The Member's withdrawal shall be effective upon payment of obligations and shall have no right to, or interest, in any water supply assets owned by the Alliance.

Upon dissolution of the corporation, the net position of the Alliance will be shared equitably by current Members at the time of dissolution based on demand shares. The Members are each obligated by interlocal agreement to remit costs related to the Alliance based on the number of Cascade Equivalent Residential Units served by its water system, regardless of water usage or capacity to defray part of the Alliance's administrative costs. In addition, to allocate growth costs to those Members that require capacity increases, each Member shall pay a Regional Capital Facilities Charge (RCFC) determined by the Board. The city paid \$1.3 million in annual dues and \$2.6 million in RCFC in 2018.

Complete financial statements for the Alliance can be obtained from Cascade Water Alliance, c/o Chris Paulucci, Manager of Finance and Administration, 520 112<sup>th</sup> Ave NE Suite 400, Bellevue, WA 98004.

### **eCityGov Alliance**

The city is a participant (Partner) with the cities of Issaquah, Kenmore, Kirkland, Sammamish and Snoqualmie in a joint venture called eCityGov Alliance (eCityGov). eCityGov was created to develop, own, operate, manage and maintain online public service programs and services. Prior to 2014, eCityGov was a joint operation under an interlocal agreement. As of March 1, 2014, eCityGov formed a legally separate not-for-profit corporation. It remains an agency fund of the city. eCityGov is governed by an Executive Board composed of the Chief Executive Officer, Chief Administrative Officer, or designee of each Partner.

A Partner may withdraw by written notice to the Executive Board. Any portion of annual fees for the current calendar year shall be forfeited upon such withdrawal. The withdrawing Partner also forfeits the Partner's proportionate

interest, including but not limited to: ownership rights to hardware, software intellectual property owned by eCityGov, and any future revenues associated with eCityGov products and services.

Upon dissolution of the corporation, all property acquired shall be disposed of as follows: (1) property contributed without charge by any member shall revert to the contributor or in the event the contributor had previously resigned as a Partner, the Executive Board shall determine the disposition of the contributed asset(s); (2) all other real and personal property purchased after the effective date of the interlocal agreement shall be distributed to the Partners based upon each Partner’s proportional ownership interest at the time of the sale of the property; (3) ownership of intellectual property, including but not limited to, copyrighted and trademarked materials, software code, web designs and templates, web content, data and interfaces shall be transferred fully and equally to each Partner; and (4) Partner-owned data shall be returned to the owner.

The city paid \$350 thousand in annual fees in 2018. The city reports the activity of eCityGov in the city’s Statement of Fiduciary Net Position and Statement of Changes in Assets and Liabilities.

All Principals, Subscribers and Basic Members remit annual fees. Expenditures in 2018 were \$1.3 million, revenues were \$1.5 million. The Partners will each have a percentage proportional ownership interest in all such property based upon the city’s population as a percentage of total population of all Partner cities and will proportionally share in obligations and benefits, financial or otherwise, from such ownership interest. Partner fees and voting are based on relative population, equity balances are as follows, with dollars in thousands:

	Population *	Percentage	Equity
Bellevue	142,400	38.91%	\$ 381
Kirkland	87,240	23.84%	233
Sammamish	63,470	17.34%	170
Issaquah	37,110	10.14%	72
Kenmore	22,920	6.26%	45
Snoqualmie	13,450	3.51%	25
<b>Total</b>	<b>366,590</b>	<b>100.00%</b>	<b>\$ 926</b>

\*2018 Population figures were provided by the State of Washington Office of Financial Management which were used to update population and cost allocation for Principals.

Complete financial statements for eCityGov Alliance can be obtained from Evan Phillips, City of Bellevue, Information Technology Department, P.O. Box 90012, Bellevue, WA 98009-9012.

**North East King County Regional Public Safety Communications Agency (NORCOM)**

The city is a participant in a joint venture with Bothell, Clyde Hill, Kirkland, Medina, Mercer Island, Normandy Park, Snoqualmie, Eastside Fire and Rescue, King County Fire Protection District 27, King County Fire Protection District 45, King and Kittitas County Fire Protection District 51, Northshore Fire Department, Shoreline Fire Department, and Woodinville Fire and Life Safety District (“Principal agencies”). The Principal agencies operate the North East King County Regional Public Safety Communications Agency (NORCOM), a consolidated emergency service communications center. NORCOM, a nonprofit corporation, was created to provide highly efficient emergency service communications and all related incidental functions for communicating and dispatching services between the public and the Principal agencies. NORCOM is governed by an executive board composed of one representative from each Principal agency.

A Principal agent may withdraw its membership and terminate its participation by proving written notice and serving that notice on the NORCOM Governing Board on or before December 31 in any year. After providing appropriate notice, that Principal agent’s membership withdrawal shall become effective on the last day of the calendar year following delivery and service of appropriate notice to all other Principals.

Upon dissolution of the corporation, the net position of NORCOM will be shared equitably by the Principals at the time of dissolution based on the average of the prior five years of user fees contributed. The Principal agencies are

each obligated by interlocal agreement to remit costs related to NORCOM based upon the number of service calls for fire and police operations to supplement NORCOM's operating revenues.

The city paid \$4.5 million in user fees in 2018.

Complete financial statements for NORCOM can be obtained from NORCOM, c/o J.R. Lieuallen, PO Box 50911, Bellevue, WA 98015-0911.

### **Community Connectivity Consortium**

The city is a participant (Member) in a joint venture with Kirkland, Federal Way, Renton, Seattle, Algona, Auburn, Kent, Pacific, Puyallup, Tukwila, Lake Washington School District, University of Washington, Bellevue College, Bellevue School District, King County Public Hospital District No. 2 to do business as Evergreen Healthcare and Valley Communications Center to operate a regional communications network. The Community Connectivity Consortium, a public corporation, was created to provide low-cost, stable, robust and efficient connectivity services to members and their communities. The Consortium is governed by the Consortium Board comprised of representatives appointed by member agencies, initially made up of four core and five at-large seats. The Consortium may change the composition and number of board positions, including the number of core and at-large seats, as the needs of the Consortium may dictate.

Upon dissolution of the corporation, assets of the Consortium shall be distributed by the Consortium Board among Members after paying or making provisions for the payment of all debts, obligations, liabilities, costs, and expenses of the Consortium. The distribution of the Consortium will be based on the following: (1) non-cash assets contributed without charge by a Consortium member shall revert to the contributor. If the contributor is no longer a member, the asset shall be treated as if it were acquired with Consortium funds. (2) The Consortium Board shall conduct a valuation of all remaining assets. Assets acquired with Consortium funds shall be sold by the Consortium Board, if appropriate, and the money or asset value distributed to those members still participating in the Consortium on the day prior to the termination date. The distribution shall be apportioned by taking the percentage that a member has contributed to the total Consortium budget over the existence of the agreement and applying that percentage to the remainder of the assets.

The city reports the activity of the Consortium in the city's Statement of Fiduciary Net Position and Statement of Changes in Assets and Liabilities. For the year ended December 31, 2018, total assets and liabilities increased \$44 thousand. Ending balances for total assets and total liabilities are \$138 thousand.

Compiled financial statements for the Consortium can be obtained from Chelo Picardal, City of Bellevue, Information Technology Department, P.O. Box 90012, Bellevue, WA 98009-9012.

## **Note 17: Governmental Fund Balances**

Fund balances, with the implementation of GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions", are segregated under the following categories and presented on the face of the financial statements in the aggregate.

### ***Nonspendable***

This fund balance category includes amounts not available to be spent because they are not in spendable form or are legally required to be maintained intact. The city has a nonspendable fund balance for prepayment.

### ***Restricted***

Fund balance constrained externally, such as those resulting from federal and state legislation, grant awards, bond covenants, and inter-local service agreements.

***Committed***

Fund balance constrained by City code, ordinance or resolution as adopted by City Council, requires similar action to remove the constraint. The city currently has committed fund balances for capital improvement projects for a portion of Business and Occupation Taxes set by a non-lapsing ordinance.

***Assigned***

Fund balances that are constrained by the government's intent to be used for a specific purpose but are not restricted or committed are considered assigned. By reporting particular amounts that are not restricted or committed in a special revenue, capital projects, debt services, or permanent fund, the government has assigned those amounts to the purpose of the respective fund. Assignments are adopted by City Council through a budget ordinance.

***Unassigned***

Unassigned fund balance is the residual classification for the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. The city only reports unassigned fund balance in the General Fund.

**Fund Balance Policy**

Annually, the city will target 15 percent of General Fund revenues as a General Fund ending fund balance. This balance is to protect the city's essential service programs during periods of economic downturn, which may temporarily reduce actual resources or cut the growth rate of city resources below that necessary to maintain pre-existing service levels. Additionally, the ending fund balance, commonly known as a reserve, can be used in the event of a natural catastrophe, counter cyclical basic revenue growth (property, sales, and business and occupation taxes combined) below 5 percent for the biennium, or because of unfunded federal or state mandates.

Fund balance reserves in the LEOFF I Medical Reserve Fund are maintained at an amount decided by City Council based on the most current actuarial study with reserves set aside to account for each contracting city's contribution separately.

The Park Maintenance and Operations Reserve Fund reserve balances, which consist of proceeds from the 1988 property tax lid lift, are restricted for payment of maintenance and operating costs of specified city park facilities, and may only be expended with City Council authorization.

All other governmental funds ending fund balances are determined by City Council and adopted with the budget ordinance.

City of Bellevue, Washington

The following schedule presents governmental fund balances in accordance with the purposes for which those balances are constrained for the year ending December 31, 2018, in thousands:

**GOVERNMENTAL FUND BALANCES**  
**DECEMBER 31, 2018**  
(in thousands)

	<b>General Fund</b>	<b>General CIP</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Fund balance				
Nonspendable for:				
Prepays	\$ 2	\$ -	\$ -	\$ 2
Total Nonspendable fund balance	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
Assigned for:				
General government	1,050	24,861	5,258	31,169
Public safety	60	-	537	597
Physical environment	-	-	1,386	1,386
Transportation	3,591	-	-	3,591
Economic environment	16,056	-	-	16,056
Health and human services	-	-	3,651	3,651
Culture and recreation	1,253	-	-	1,253
Debt service	-	-	1,049	1,049
Total assigned fund balance	<u>22,010</u>	<u>24,861</u>	<u>11,881</u>	<u>58,752</u>
Committed for:				
General government	-	2,201	-	2,201
Total committed fund balance	<u>-</u>	<u>2,201</u>	<u>-</u>	<u>2,201</u>
Restricted for:				
General government	3	-	571	574
Public safety	287	11,723	1,057	13,067
Physical environment	-	-	1,413	1,413
Transportation	-	34,942	-	34,942
Economic environment	-	-	281	281
Health and human services	2,472	-	5,372	7,844
Culture and recreation	-	14,575	7,162	21,737
Debt service	-	-	103	103
Total restricted fund balance	<u>2,762</u>	<u>61,240</u>	<u>15,959</u>	<u>79,961</u>
Unassigned	44,193	-	-	44,193
Total unassigned fund balance	<u>44,193</u>	<u>-</u>	<u>-</u>	<u>44,193</u>
Fund Balance	<u>\$ 68,967</u>	<u>\$ 88,302</u>	<u>\$ 27,840</u>	<u>\$ 185,109</u>

### Note 18: Tax Abatement

For the year ended December 31, 2018, tax revenue received by the city was affected by an abatement provided by another taxing jurisdiction. The Washington State Department of Revenue (DOR) High-Technology Sales and Use Tax Deferral is a sales and use tax abatement program pursuant to RCW 82.63. This deferral applies to sales and use tax arising from the construction or expansion of a qualified research and development facility, or a pilot scale manufacturing facility to be used in the technology categories of advanced computing, advanced materials, biotechnology, electronic device technology, or environmental technology. Under this incentive program, the DOR grants participants an exemption on sales and use tax for expenditures related to qualified buildings, qualified machinery and equipment, and labor and services rendered in the planning, installation, and construction of the project.

The DOR-provided estimate of sales and use tax generated within Bellevue that was deferred for the year ended December 31, 2018 was \$1.2 million.

### Note 19: Change in Accounting Principle

For the fiscal year ending December 31, 2018, the city implemented GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefit Other than Pensions.” This statement replaced GASB Statement No. 45 “Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions,” as amended. The statement establishes standards for recognizing and measuring liability, deferred outflows of resources, deferred inflow of resources, and expenditures. Due to the requirement of this statement, the city has incurred a change in accounting principle, as displayed below, in thousands:

	Governmental Activity
OPEB balance per GASB 45	\$ 9,576
Change in Accounting Principle	21,684
OPEB balance per GASB 75	<u>\$ 31,260</u>

### Note 20: Prior Period Adjustment

The Development Services Fund was determined, through research and a legal opinion from the city attorney, to no longer meet the definition of a special revenue fund under the guidance of GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions.” The activity for the Development Services Fund is appropriately reported under the General Fund. Therefore, the city has restated the General Fund balance by \$13.6 million, and activity for 2018 has properly been reported as General Fund activity.

	General Fund	Development Services Fund	Total
Fund balance at 1/1/18	\$ 48,597	\$ 13,603	\$ 62,200
Prior period adjustment	13,603	(13,603)	-
Restated fund balance at 1/1/18	<u>\$ 62,200</u>	<u>\$ -</u>	<u>\$ 62,200</u>



## **Required Supplementary Information**

City of Bellevue, Washington

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS**  
**FIREFIGHTERS' PENSION FUND**  
 Last Ten Fiscal Years  
 (Dollar amounts in thousands)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total pension liability <sup>1</sup>										
Service cost (Entry Age Normal Cost)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	288	222	223	175	176	143	141	137	145	143
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	579	58	(1,351)	84	(889)	16	(39)	290	90	539
Changes of assumptions	-	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(297)	(280)	(213)	(259)	(221)	(201)	(228)	(219)	(198)	(356)
Net change in total pension liability	570	-	(1,341)	-	(934)	(42)	(125)	208	37	327
Total pension liability--beginning	5,900	6,470	6,470	5,127	5,127	4,192	4,150	4,025	4,233	4,271
Total pension liability--ending (a)	<u>\$ 6,470</u>	<u>\$ 6,470</u>	<u>\$ 5,127</u>	<u>\$ 5,127</u>	<u>\$ 4,192</u>	<u>\$ 4,150</u>	<u>\$ 4,025</u>	<u>\$ 4,233</u>	<u>\$ 4,271</u>	<u>\$ 4,598</u>
Plan fiduciary net position										
Contributions - employer	\$ 173	\$ 180	\$ 188	\$ 181	\$ 196	\$ 208	\$ 207	\$ 214	\$ 216	\$ 217
Contributions - member	-	-	-	-	-	-	-	-	-	-
Net investment income	134	47	129	7	-	67	55	69	67	132
Benefit payments	(297)	(280)	(213)	(259)	(221)	(201)	(228)	(219)	(198)	(356)
Administrative expense	-	-	-	-	(13)	(11)	(12)	(3)	(14)	(15)
Other	-	-	-	17	-	-	-	(13)	-	-
Net change in plan fiduciary net position	10	(53)	102	(54)	(38)	63	22	48	71	(21)
Plan fiduciary net position--beginning	6,713	6,723	6,671	6,773	6,719	6,682	6,745	6,767	6,815	6,886
Plan fiduciary net position--ending (b)	<u>\$ 6,723</u>	<u>\$ 6,671</u>	<u>\$ 6,773</u>	<u>\$ 6,719</u>	<u>\$ 6,681</u>	<u>\$ 6,745</u>	<u>\$ 6,767</u>	<u>\$ 6,815</u>	<u>\$ 6,886</u>	<u>\$ 6,865</u>
City's net pension liability (asset)--ending (a) - (b)	<u>\$ (253)</u>	<u>\$ (201)</u>	<u>\$ (1,646)</u>	<u>\$ (1,592)</u>	<u>\$ (2,490)</u>	<u>\$ (2,594)</u>	<u>\$ (2,742)</u>	<u>\$ (2,581)</u>	<u>\$ (2,615)</u>	<u>\$ (2,267)</u>
Plan fiduciary net position as a percentage of the total pension liability	103.92%	103.11%	132.10%	131.06%	159.39%	162.51%	168.11%	160.98%	161.23%	149.30%
Covered-employee payroll	\$ 91	\$ 91	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's net pension liability (asset) as a percentage of covered-employee payroll	-279%	-221%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Notes to Schedule:** <sup>1</sup>Prior to 2014, the change in total pension liability was not broken out to show the impact of "changes of benefit terms" and "changes of assumptions" in prior reports and is left blank in the table above. Changes due to these factors included in differences between expected and actual experience.

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS**  
**FIREFIIGHTERS' PENSION FUND**  
 Last Ten Fiscal Years  
 (Dollar amounts in thousands)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contribution <sup>1</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	214	207	208	196	181	188	180	214	215	217
Contribution deficiency (excess)	<u>\$ 214</u>	<u>\$ 207</u>	<u>\$ 208</u>	<u>\$ 196</u>	<u>\$ 181</u>	<u>\$ 188</u>	<u>\$ 180</u>	<u>\$ 214</u>	<u>\$ 215</u>	<u>\$ 217</u>
Covered-employee payroll	\$ 91	\$ 91	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	235.60%	227.28%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Valuation date: Actuarially determined contribution rates are calculated as of January 1.

Methods and assumptions used to determine contribution rates:

- Actuarial cost method           Entry age normal cost
- Amortization method           Level amortization of net pension liability as level dollar amount over five-year period
- Remaining amortization period   2 years
- Asset valuation method           Market value
- Inflation                           2.5%
- Salary increases                 3.0%, including inflation
- Investment rate of return         3.5%
- Retirement age                 All members who attain, or who have attained, age 65 in active service are assumed to retire immediately.
- Mortality                         Active and service-retired members: The mortality rates are based on the RP-2000 Mortality Table (combined healthy) for Males, Projected to 2019 using 50% of Projection Scale AA, with ages set back one year.  
 Disabled members: The mortality rates are based on the RP-2000 Mortality Table (combined healthy) for Males, Projected to 2019 using 50% of Projection Scale AA, with ages set forward two years.  
 Spouses: The mortality rates are based on the RP-2000 Mortality Table (combined healthy) for Females, Projected to 2019 using 50% of Projection Scale AA, with ages set forward one year.

**Notes to Schedule:** <sup>1</sup>Prior to 2014, the “actuarially determined contribution” was calculated using a different method and is left blank in the table above.

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF INVESTMENT RETURNS**  
**FIREFIGHTERS' PENSION FUND**  
Last Ten Fiscal Years  
(Dollar amounts in thousands)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	2.02%	0.71%	1.93%	0.36%	0.01%	1.01%	0.82%	0.82%	0.98%	1.94%

City of Bellevue, Washington

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY- PERS**

As of June 30, 2018

Last Ten Fiscal Years<sup>1 and 2</sup>

(Dollar amounts in thousands)

	<b>PERS 1</b>			
	2015	2016	2017	2018
City's proportion of the net pension liability (asset)	0.69%	0.68%	0.65%	0.65%
City's proportionate share of the net pension liability (asset)	\$ 36,327	\$ 36,620	\$ 30,866	\$ 29,195
State proportionate share of the net pension liability (asset) associated with the city	-	-	-	-
<b>Total</b>	<b>\$ 36,327</b>	<b>\$ 36,620</b>	<b>\$ 30,866</b>	<b>\$ 29,195</b>
City's covered payroll	\$ 1,475	\$ 1,152	\$ 751	\$ 799
City's proportionate share of the net pension liability (asset) as percentage of its covered payroll	2463%	3178%	4110%	3652%
Plan fiduciary net position as a percentage of the total pension liability	144%	132%	158%	172%
	<b>PERS 2/3</b>			
	2015	2016	2017	2018
City's proportion of the net pension liability (asset)	0.85%	0.84%	0.81%	0.81%
City's proportionate share of the net pension liability (asset)	\$ 30,425	\$ 42,134	\$ 28,183	\$ 13,880
State proportionate share of the net pension liability (asset) associated with the city	-	-	-	-
<b>Total</b>	<b>\$ 30,425</b>	<b>\$ 42,134</b>	<b>\$ 28,183</b>	<b>\$ 13,880</b>
City's covered payroll	\$ 75,724	\$ 78,251	\$ 79,679	\$ 84,506
City's proportionate share of the net pension liability (asset) as percentage of its covered payroll	40%	54%	35%	16%
Plan fiduciary net position as a percentage of the total pension liability	824%	608%	1007%	2266%

<sup>1</sup>GASB Statement 68 was implemented in 2015. Prior to 2015, the city did not report a proportionate share of these pensions.

<sup>2</sup>The amounts presented for each fiscal year were presented as of June 30.

City of Bellevue, Washington

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY- PSERS**

As of June 30, 2018

Last Ten Fiscal Years<sup>1 and 2</sup>

(Dollar amounts in thousands)

	<b>PSERS 2</b>			
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
City's proportion of the net pension liability (asset)	0.25%	0.23%	0.21%	0.18%
City's proportionate share of the net pension liability (asset)	\$ 45	\$ 99	\$ 42	\$ 2
State proportionate share of the net pension liability (asset) associated with the city	-	-	-	-
<b>Total</b>	<b>\$ 45</b>	<b>\$ 99</b>	<b>\$ 42</b>	<b>\$ 2</b>
City's covered payroll	\$ 724	\$ 762	\$ 750	\$ 717
City's proportionate share of the net pension liability (asset) as percentage of its covered payroll	6%	13%	6%	0%
Plan fiduciary net position as a percentage of the total pension liability	1953%	933%	2571%	48510%

<sup>1</sup>GASB Statement 68 was implemented in 2015. Prior to 2015, the city did not report a proportionate share of these pensions.

<sup>2</sup>The amounts presented for each fiscal year were presented as of June 30.

City of Bellevue, Washington

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY- LEOFF**

As of June 30, 2018

Last Ten Fiscal Years<sup>1 and 2</sup>

(Dollar amounts in thousands)

	<b>LEOFF 1</b>			
	2015	2016	2017	2018
City's proportion of the net pension liability (asset)	0.29%	0.30%	0.31%	0.31%
City's proportionate share of the net pension liability (asset)	\$ (3,472)	\$ (3,051)	\$ (4,639)	\$ (5,643)
State proportionate share of the net pension liability (asset) associated with the city	(22,806)	(20,638)	(31,381)	(38,171)
<b>Total</b>	<b>\$ (26,278)</b>	<b>\$ (23,689)</b>	<b>\$ (36,020)</b>	<b>\$ (43,814)</b>
City's covered payroll	\$ 562	\$ 431	\$ 213	\$ 130
City's proportionate share of the net pension liability (asset) as percentage of its covered payroll	(618%)	(707%)	(2,179%)	(4,346%)
Plan fiduciary net position as a percentage of the total pension liability	(469%)	(578%)	(378%)	(325%)
	<b>LEOFF 2</b>			
	2015	2016	2017	2018
City's proportion of the net pension liability (asset)	1.39%	1.37%	1.38%	1.44%
City's proportionate share of the net pension liability (asset)	\$ (13,912)	\$ (7,987)	\$ (19,186)	\$ (29,159)
State proportionate share of the net pension liability (asset) associated with the city	(328)	(5,207)	(12,445)	(18,880)
<b>Total</b>	<b>\$ (14,240)</b>	<b>\$ (13,194)</b>	<b>\$ (31,631)</b>	<b>\$ (48,039)</b>
City's covered payroll	\$ 40,277	\$ 41,682	\$ 43,213	\$ 47,425
City's proportionate share of the net pension liability (asset) as percentage of its covered payroll	(35%)	(19%)	(44%)	(61%)
Plan fiduciary net position as a percentage of the total pension liability	(960%)	(1,751%)	(849%)	(641%)

<sup>1</sup>GASB Statement 68 was implemented in 2015. Prior to 2015, the city did not report a proportionate share of these pensions.

<sup>2</sup>The amounts presented for each fiscal year were presented as of June 30.

City of Bellevue, Washington

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CITY'S CONTRIBUTIONS- PERS**

As of December 31, 2018

Last Ten Fiscal Years<sup>1</sup>

(Dollar amounts in thousands)

	<b>PERS 1</b>			
	2015	2016	2017	2018
Contractually required contributions	\$ 156	\$ 97	\$ 96	\$ 84
Contributions in relation to the contractually required contribution	(141)	(97)	(96)	(84)
Contribution deficiency (excess)	\$ 14	\$ -	\$ -	\$ -
City's covered payroll	\$ 1,392	\$ 865	\$ 801	\$ 661
Contributions as a percentage of covered payroll	(10%)	(11%)	(12%)	(13%)
	<b>PERS 2/3</b>			
	2015	2016	2017	2018
Contractually required contributions	\$ 8,641	\$ 8,771	\$ 9,835	\$ 10,914
Contributions in relation to the contractually required contribution	(7,884)	(8,770)	(9,834)	(10,951)
Contribution deficiency (excess)	\$ 758	\$ -	\$ 2	\$ (37)
City's covered payroll	\$ 77,293	\$ 78,449	\$ 82,274	\$ 85,937
Contributions as a percentage of covered payroll	(10%)	(11%)	(12%)	(13%)

<sup>1</sup>GASB Statement 68 was implemented in 2015. Prior to 2015, the city did not report a proportionate share of these pensions.



City of Bellevue, Washington

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CITY'S CONTRIBUTIONS- PSERS**

As of December 31, 2018

Last Ten Fiscal Years<sup>1</sup>

(Dollar amounts in thousands)

	<b>PSERS 2</b>			
	2015	2016	2017	2018
Contractually required contributions	\$ 87	\$ 89	\$ 84	\$ 83
Contributions in relation to the contractually required contribution	(83)	(89)	(84)	(84)
Contribution deficiency (excess)	\$ 4	\$ -	\$ -	\$ (1)
City's covered payroll	\$ 753	\$ 774	\$ 715	\$ 697
Contributions as a percentage of covered payroll	(11%)	(12%)	(12%)	(12%)

<sup>1</sup> GASB Statement 68 was implemented in 2015. Prior to 2015, the city did not report a proportionate share of these pensions.

City of Bellevue, Washington

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CITY'S CONTRIBUTIONS- LEOFF**

As of December 31, 2018

Last Ten Fiscal Years<sup>1</sup>

(Dollar amounts in thousands)

	<b>LEOFF 1</b>			
	2015	2016	2017	2018
Contractually required contributions	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 515	\$ 431	\$ 166	\$ 127
Contributions as a percentage of covered payroll	0%	0%	0%	0%
	<b>LEOFF 2</b>			
	2015	2016	2017	2018
Contractually required contributions	\$ 2,182	\$ 2,204	\$ 2,332	\$ 2,646
Contributions in relation to the contractually required contribution	(2,182)	(2,204)	(2,332)	(2,658)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (12)
City's covered payroll	\$ 41,721	\$ 42,143	\$ 43,741	\$ 48,728
Contributions as a percentage of covered payroll	(5%)	(5%)	(5%)	(5%)

<sup>1</sup> GASB Statement 68 was implemented in 2015. Prior to 2015, the city did not report a proportionate share of these pensions.

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS**

As of December 31, 2018

Last Ten Fiscal Years<sup>1</sup>

(Dollar amounts in thousands)

	<u>2018</u>
Total OPEB liability:	
Service Cost	\$ 4
Interest	1,045
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumption or other inputs	(1,988)
Benefit Payments	<u>(1,774)</u>
Net change in total OPEB liability	(2,713)
Total OPEB liability- beginning	<u>31,260</u>
Total OPEB liability- ending	<u>\$ 28,547</u>
Covered employee payroll	114
Total OPEB liability as a percentage of covered payroll	25041%

<sup>1</sup> GASB Statement 75 was implemented in 2018. Prior to 2018, these items were not utilized for the OPEB calculation.

**SCHEDULE OF MODIFIED APPROACH FOR REPORTING INFRASTRUCTURE ASSETS  
For the Fiscal Year Ended December 31, 2018**

The city's minimum acceptable condition levels have been defined as having at least 60 percent of Arterial roadways and 75 percent of Residential roadways at or above satisfactory condition.

**CONDITION RATING OF THE CITY'S STREET SYSTEM**

	<u>2016</u>	<u>2017</u>	<u>2018</u>
Arterial:			
Percent above satisfactory	96%	96%	93%
Overall performance rating:	79	78	75
Residential:			
Percent above satisfactory	100%	100%	100%
Overall performance rating:	81	79	77

The following disclosures compare roadway conditions for the last three years, and the related estimated and actual expenditures involved in maintaining arterial and residential roadways for the last five years:

**COMPARISON OF NEEDED-TO-ACTUAL EXPENDITURES  
(in thousands)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Arterial:					
Needed:	\$4,143	\$4,768	\$5,181	\$4,104	\$2,925
Actual:	4,381	5,840	3,255	1,473	3,618
Residential:					
Needed:	\$981	\$1,595	\$1,845	\$2,744	\$2,943
Actual:	-	2,112	1,543	2,838	2,179

Following GASB Statement 34, the city is reporting major historic infrastructure acquired in fiscal years ending after June 30, 1980.

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
General Fund**

For the Fiscal Year Ended December 31, 2018  
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Taxes and special assessments	\$ 156,321	\$ 156,321	\$ 156,221	\$ 100
Licenses and permits	517	493	397	96
Intergovernmental	19,010	19,468	20,136	(667)
Service charges and fees	11,530	11,553	11,085	468
Fines and forfeitures	1,742	1,673	2,211	(537)
Interest and assessment interest	199	186	528	(342)
Net change in fair value of investments	-	-	60	(60)
Rent	1,280	1,240	1,461	(221)
Premiums/contributions	-	-	1	(1)
Other	1,776	1,765	246	1,519
Total revenues	<u>192,374</u>	<u>192,699</u>	<u>192,346</u>	<u>355</u>
Expenditures				
Current:				
General government	18,696	18,498	18,771	(273)
Public safety	95,503	99,812	98,547	1,265
Physical environment	200	200	173	27
Transportation	27,068	27,068	26,912	156
Economic environment	11,087	11,227	11,529	(302)
Health and human services	988	988	785	202
Culture and recreation	27,598	27,598	27,059	539
Debt service:				
Capital outlay:				
Public safety	-	-	99	(99)
Total expenditures	<u>181,140</u>	<u>185,391</u>	<u>183,875</u>	<u>1,515</u>
Excess (deficiency) of revenues over (under) expenditures	11,234	7,308	8,471	(1,160)
Other financing sources(uses)				
Transfers in	823	790	790	-
Transfers out	(8,425)	(8,494)	(8,945)	451
Total other financing sources(uses)	<u>(7,602)</u>	<u>(7,704)</u>	<u>(8,155)</u>	<u>451</u>
Net change in fund balance	3,633	(396)	316	(709)
Fund balance beginning of year	<u>37,556</u>	<u>39,229</u>	<u>45,657</u>	<u>(6,429)</u>
Fund balance end of year	<u>\$ 41,189</u>	<u>\$ 38,832</u>	<u>\$ 45,973</u>	<u>\$ (7,138)</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
General Fund**

For the Fiscal Year Ended December 31, 2018  
(in thousands)

Page 2 of 2

Perspective Difference Reconciliation:

Actual fund balance - General Fund Statement of Revenues, Expenditures, and Changes in Fund Balances	\$	45,973
---------------------------------------------------------------------------------------------------------	----	--------

The following funds were budgeted as special revenue funds but do not meet the definition under GASB Statement 54; therefore, these are accounted for within the General Fund:

Human Service Fund	949
Land Purchase Revolving Fund	4,898
Parks Fees Fund	1,092
Development Services Fund	16,055
	<hr/>

Total Fund Balance - General Fund Balance for Governmental Funds	\$	<u><u>68,967</u></u>
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## Notes to the Required Supplementary Information

### Pensions

#### *Changes of benefit terms*

Amount reflected prior to 2015 reported an increase in disability benefits to be equivalent to retirement benefits. Amounts reported in 2018 reflected a modification to the benefit terms to incorporate a new definition of base compensation.

#### *Changes in assumptions*

Amounts reported prior to 2015 reflect an adjustment of the expectation of life after disability to more closely reflected actual experience. For amounts reported in 2015 and later, this expectation of retired life mortality was based on RP-2000 Mortality Tables. Amounts reported in 2018 reflected an adjustment of expected retire ages to more closely reflect actual experience. Amounts reported in 2018 reflected an adjustment of assumed life expectancies to more closely reflect actual experience.

### OPEB

#### *Changes in assumptions*

Changes in assumptions and other inputs reflect the effect of changes in the discount rate for each period. The discount rate used in 2019 is 4.1 percent.

### Modified Approach

The roadways in the city are made up of two systems: Arterial roadways and Residential roadways. The condition of these systems is assessed every two years. This assessment measures the condition of the pavement surface to classify the roads into two performance rating levels illustrated in the table below. During years when the roadways are not physically assessed, calculated updates are made by the Transportation Pavement Management System.

#### STANDARD PERFORMANCE RATING LEVELS

	<u>Satisfactory</u>	<u>Unsatisfactory</u>
Arterial:	50 - 100	0 - 49
Residential:	30 - 100	0 - 29

### Budget and Actual Schedules

The City's budget is adopted on a GAAP basis. Expenditure appropriations include ending fund balance as reserves.

The General Fund, for financial reporting purposes, includes the Human Services Fund, Land Purchase Revolving Fund, Development Services, and Parks Fees Fund. These are separately adopted funds in a budget ordinance.

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## **Nonmajor Governmental Funds**

**Descriptions of the non-major Special Revenue funds included in the city's Comprehensive Annual Financial Report are provided below:**

The **LEOFF I Medical Reserve Fund** accounts for the accumulation of assets necessary to fund the city's liability for lifetime medical benefits for all retired LEOFF 1 members.

The **Park Maintenance and Operations (M & O) Reserve Fund** accounts for proceeds of a property tax lid lift approved by the voters in 1988 to support park maintenance and operation expenditures. Tax monies received from the lid lift are initially receipted to the General Fund. Any proceeds in excess of current maintenance and operation needs are subsequently transferred to this special revenue fund to be held for future authorization.

The **Solid Waste Fund** accounts for multi-family recycling fees and administration fees. Revenues collected by the fund are used to pay contractors performing hauling services for the multi-family recycling program and administrative expenditures.

The **Hotel/Motel Tax Fund** operates as a conduit for the collection of hotel/motel taxes used for debt service payments on general obligation bonds of the Bellevue Convention Center Authority.

The **Operating Grants, Donations and Special Reserves Fund** accounts for receipt and disbursement of revenue from federal, state, local grants, private donations, and special reserves.

The **Housing Fund** accounts for revenue from a variety of sources, including, but not limited to, contributions from coalition cities for operating costs, the city's General Fund and the General Capital Investment Program Fund. The expenditures include those necessary for the creation and preservation of affordable housing for low- and moderate-income households.

**Descriptions of the non-major Debt Service funds included in the city's Comprehensive Annual Financial Report are provided below:**

The **Interest and Debt Redemption - Regular Levy Fund** accounts for debt service on the City Council-approved general obligation bond. Primary revenues for the fund consist of general property tax and local sales tax.

The **Local Improvement District (LID) Control Fund** accounts for payment of principal and interest for special assessment bond issues and for collection of special assessments levied against benefited properties to support those debt service obligations.

The **Local Improvement District (LID) Guaranty Fund** accounts for monies set aside in accordance with Washington State law to provide for payment of principal and interest due on special assessment bond issues in the event of default by LID property owners and a resulting insufficiency of funds in the LID Control Fund to make related payments.

**Combining Balance Sheet  
Nonmajor Governmental Funds**  
As of December 31, 2018  
(in thousands)

	<u>Special Revenue</u>			
	<u>LEOFF I Medical Reserve</u>	<u>Park M &amp; O Reserve</u>	<u>Solid Waste</u>	<u>Hotel/ Motel Tax</u>
Assets:				
Cash & equity in pooled investments	\$ 796	\$ 6,576	\$ 1,938	\$ 88
Receivables (net of allowances):				
Taxes	-	-	-	1,593
Accounts	-	-	294	-
Interest & penalties on assessments	-	-	-	-
Interest	3	28	8	-
Due from other governments	-	-	114	-
Housing rehabilitation loans receivable	-	-	-	-
Special assessment receivables	-	-	-	-
<b>Total assets</b>	<b><u>799</u></b>	<b><u>6,604</u></b>	<b><u>2,354</u></b>	<b><u>1,681</u></b>
Liabilities:				
Accounts payable	31	-	6	-
Due to component unit	-	-	-	1,421
Accrued payroll	-	-	3	-
Deposits payable	-	-	-	-
<b>Total liabilities</b>	<b><u>31</u></b>	<b><u>-</u></b>	<b><u>9</u></b>	<b><u>1,421</u></b>
Deferred Inflows				
For grants	-	-	-	-
For debt	-	-	-	-
For other	-	-	185	-
<b>Total deferred inflows</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>185</u></b>	<b><u>-</u></b>
<b>Total liabilities and deferred inflows</b>	<b><u>31</u></b>	<b><u>-</u></b>	<b><u>194</u></b>	<b><u>1,421</u></b>
Fund balance:				
Restricted	231	6,604	785	260
Assigned	537	-	1,375	-
<b>Total fund balance</b>	<b><u>768</u></b>	<b><u>6,604</u></b>	<b><u>2,160</u></b>	<b><u>260</u></b>
<b>Total liabilities, deferred inflows, and fund balance</b>	<b><u>\$ 799</u></b>	<b><u>\$ 6,604</u></b>	<b><u>\$ 2,354</u></b>	<b><u>\$ 1,681</u></b>

**Combining Balance Sheet  
Nonmajor Governmental Funds**  
As of December 31, 2018  
(in thousands)

	<u>Special Revenue</u>		
	<u>Operating Grants Donations &amp; Special Reserves</u>	<u>Housing</u>	<u>Total Special Revenue Funds</u>
<b>Assets:</b>			
Cash & equity in pooled investments	\$ 4,986	\$ 8,363	\$ 22,747
Receivables (net of allowances):			
Taxes	5	17	1,615
Accounts	206	-	500
Interest & penalties on assessments	-	-	-
Interest	21	35	95
Due from other governments	936	-	1,050
Housing rehabilitation loans receivable	3,193	-	3,193
Special assessment receivables	-	-	-
<b>Total assets</b>	<u>9,347</u>	<u>8,415</u>	<u>29,200</u>
<b>Liabilities:</b>			
Accounts payable	201	-	238
Due to component unit	-	-	1,421
Accrued payroll	22	18	43
Deposits payable	1	-	1
<b>Total liabilities</b>	<u>224</u>	<u>18</u>	<u>1,703</u>
<b>Deferred Inflows</b>			
For grants	624	-	624
For debt	-	-	-
For other	-	-	185
<b>Total deferred inflows</b>	<u>624</u>	<u>-</u>	<u>809</u>
<b>Total liabilities and deferred inflows</b>	<u>848</u>	<u>18</u>	<u>2,512</u>
<b>Fund balance:</b>			
Restricted	2,897	5,079	15,856
Assigned	5,602	3,318	10,832
<b>Total fund balance</b>	<u>8,499</u>	<u>8,397</u>	<u>26,688</u>
<b>Total liabilities, deferred inflows, and fund balance</b>	<u>\$ 9,347</u>	<u>\$ 8,415</u>	<u>\$ 29,200</u>

**Combining Balance Sheet  
Nonmajor Governmental Funds**  
As of December 31, 2018  
(in thousands)

	<u>Debt Service</u>				<b>Total Nonmajor Governmental Funds</b>
	<b>I &amp; D</b>	<b>LID</b>	<b>LID</b>	<b>Total Debt</b>	
	<b>Redemption- Regular</b>				
<b>Assets:</b>					
Cash & equity in pooled investments	\$ 343	\$ 119	\$ 621	\$ 1,083	\$ 23,830
Receivables (net of allowances):					
Taxes	64	-	-	64	1,679
Accounts	-	-	-	-	500
Interest & penalties on assessments	-	2	-	2	2
Interest	1	1	3	5	100
Due from other governments	-	-	-	-	1,050
Housing rehabilitation loans receivable	-	-	-	-	3,193
Special assessment receivables	-	15	-	15	15
<b>Total assets</b>	<b>408</b>	<b>137</b>	<b>624</b>	<b>1,169</b>	<b>30,369</b>
<b>Liabilities:</b>					
Accounts payable	-	-	-	-	238
Due to component unit	-	-	-	-	1,421
Accrued payroll	-	-	-	-	43
Deposits payable	-	-	-	-	1
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,703</b>
<b>Deferred Inflows</b>					
For grants	-	-	-	-	624
For debt	-	17	-	17	17
For other	-	-	-	-	185
<b>Total deferred inflows</b>	<b>-</b>	<b>17</b>	<b>-</b>	<b>17</b>	<b>826</b>
<b>Total liabilities and deferred inflows</b>	<b>-</b>	<b>17</b>	<b>-</b>	<b>17</b>	<b>2,529</b>
<b>Fund balance:</b>					
Restricted	-	103	-	103	15,959
Assigned	408	17	624	1,049	11,881
<b>Total fund balance</b>	<b>408</b>	<b>120</b>	<b>624</b>	<b>1,152</b>	<b>27,840</b>
<b>Total liabilities, deferred inflows, and fund balance</b>	<b>\$ 408</b>	<b>\$ 137</b>	<b>\$ 624</b>	<b>\$ 1,169</b>	<b>\$ 30,369</b>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
 For the Year Ended December 31, 2018  
 (in thousands)

	<b>Special Revenue</b>			
	<b>LEOFF I Medical Reserve</b>	<b>Park M &amp; O Reserve</b>	<b>Solid Waste</b>	<b>Hotel/ Motel Tax</b>
Revenues:				
Taxes and special assessments	\$ -	\$ -	\$ -	\$ 12,645
Intergovernmental	68	-	336	-
Service charges and fees	-	-	742	-
Interest and penalties	26	117	32	12
Net change in fair value of investments	1	11	3	-
Judgments and settlements	-	-	-	-
Premiums/contributions	-	-	-	-
Other	-	-	272	-
<b>Total revenues</b>	<b>95</b>	<b>128</b>	<b>1,385</b>	<b>12,657</b>
Expenditures:				
Current:				
General government	-	-	-	10,624
Public safety	1,863	-	-	-
Physical environment	-	-	1,032	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Health and human services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay:				
Public safety	-	-	-	-
<b>Total expenditures</b>	<b>1,863</b>	<b>-</b>	<b>1,032</b>	<b>10,624</b>
Excess (deficiency) of revenues over (under) expenditures	(1,768)	128	353	2,033
Other financing sources (uses):				
Transfers in	462	-	-	-
Transfers out	-	(293)	-	(2,007)
<b>Total other financing sources (uses)</b>	<b>462</b>	<b>(293)</b>	<b>-</b>	<b>(2,007)</b>
Net change in fund balance	(1,306)	(165)	353	26
Fund balance at beginning of year	2,074	6,769	1,807	234
Restricted	231	6,604	785	260
Assigned	537	-	1,375	-
<b>Fund balance at end of year</b>	<b>\$ 768</b>	<b>\$ 6,604</b>	<b>\$ 2,160</b>	<b>\$ 260</b>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
 For the Year Ended December 31, 2018  
 (in thousands)

	<b>Special Revenue</b>		
	<b>Operating Grants</b>	<b>Donations &amp; Special Reserves</b>	<b>Total Special Revenue Funds</b>
		<b>Housing</b>	
Revenues:			
Taxes and special assessments	\$ -	\$ 100	\$ 12,745
Intergovernmental	3,095	455	3,954
Service charges and fees	99	-	841
Interest and penalties	58	130	375
Net change in fair value of investments	8	13	36
Judgments and settlements	10	-	10
Premiums/contributions	379	1,145	1,524
Other	257	-	529
<b>Total revenues</b>	<b>3,906</b>	<b>1,843</b>	<b>20,014</b>
Expenditures:			
Current:			
General government	-	-	10,624
Public safety	1,486	-	3,349
Physical environment	2	-	1,034
Transportation	259	-	259
Economic environment	931	-	931
Health and human services	427	460	887
Culture and recreation	204	-	204
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay:			
Public safety	40	-	40
<b>Total expenditures</b>	<b>3,349</b>	<b>460</b>	<b>17,328</b>
Excess (deficiency) of revenues over (under) expenditures	557	1,383	2,686
Other financing sources (uses):			
Transfers in	2,998	352	3,812
Transfers out	(30)	-	(2,330)
<b>Total other financing sources (uses)</b>	<b>2,968</b>	<b>352</b>	<b>1,482</b>
Net change in fund balance	3,525	1,735	4,168
Fund balance at beginning of year	4,974	6,662	22,520
Restricted	2,897	5,079	15,856
Assigned	5,602	3,318	10,832
<b>Fund balance at end of year</b>	<b>\$ 8,499</b>	<b>\$ 8,397</b>	<b>\$ 26,688</b>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
 For the Year Ended December 31, 2018  
 (in thousands)

	<u>Debt Service</u>			<u>Total Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>I &amp; D</u>				
	<u>Redemption- Regular</u>	<u>LID Control</u>	<u>LID Guaranty</u>		
Revenues:					
Taxes and special assessments	\$ 500	\$ 10	\$ -	\$ 510	\$ 13,255
Intergovernmental	-	-	-	-	3,954
Service charges and fees	-	-	-	-	841
Interest and penalties	6	4	11	21	396
Net change in fair value of investments	1	-	1	2	38
Judgments and settlements	-	-	-	-	10
Premiums/contributions	-	-	-	-	1,524
Other	-	-	-	-	529
<b>Total revenues</b>	<b>507</b>	<b>14</b>	<b>12</b>	<b>533</b>	<b>20,547</b>
Expenditures:					
Current:					
General government	-	7	-	7	10,631
Public safety	-	-	-	-	3,349
Physical environment	-	-	-	-	1,034
Transportation	-	-	-	-	259
Economic environment	-	-	-	-	931
Health and human services	-	-	-	-	887
Culture and recreation	-	-	-	-	204
Debt service:					
Principal	9,835	-	-	9,835	9,835
Interest and fiscal charges	12,111	-	-	12,111	12,111
Capital outlay:					
Public safety	-	-	-	-	40
<b>Total expenditures</b>	<b>21,946</b>	<b>7</b>	<b>-</b>	<b>21,953</b>	<b>39,281</b>
Excess (deficiency) of revenues over (under) expenditures	(21,439)	7	12	(21,420)	(18,734)
Other financing sources (uses):					
Transfers in	21,450	-	-	21,450	25,262
Transfers out	-	-	-	-	(2,330)
<b>Total other financing sources (uses)</b>	<b>21,450</b>	<b>-</b>	<b>-</b>	<b>21,450</b>	<b>22,932</b>
Net change in fund balance	11	7	12	30	4,198
Fund balance at beginning of year	397	113	612	1,122	23,642
Restricted	-	103	-	103	15,959
Assigned	408	17	624	1,049	11,881
<b>Fund balance at end of year</b>	<b>\$ 408</b>	<b>\$ 120</b>	<b>\$ 624</b>	<b>\$ 1,152</b>	<b>\$ 27,840</b>



**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Human Services Fund**

For the Fiscal Year Ended December 31, 2018  
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Taxes and special assessments	\$ 3,379	\$ 3,379	\$ 3,378	\$ 1
Intergovernmental	1,742	1,742	2,247	(504)
Interest and assessment interest	-	-	15	(15)
Net change in fair value of investments	-	-	3	(3)
Premiums/contributions	10	10	13	(3)
Other	-	-	25	(25)
Total revenues	<u>5,131</u>	<u>5,131</u>	<u>5,681</u>	<u>(549)</u>
 Expenditures				
Current:				
Health and human services	<u>5,110</u>	<u>5,110</u>	<u>4,913</u>	<u>196</u>
Total expenditures	<u>5,110</u>	<u>5,110</u>	<u>4,913</u>	<u>196</u>
 Net change in fund balance	21	21	768	(745)
 Fund balance beginning of year	<u>231</u>	<u>231</u>	<u>181</u>	<u>50</u>
Fund balance end of year	<u><u>\$ 252</u></u>	<u><u>\$ 252</u></u>	<u><u>\$ 949</u></u>	<u><u>\$ (695)</u></u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Land Purchase Revolving Fund**

For the Fiscal Year Ended December 31, 2018  
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Service charges and fees	\$ -	\$ -	\$ 6	\$ (6)
Interest and assessment interest	-	-	69	(69)
Net change in fair value of investments	-	-	8	(8)
Rent	<u>1,182</u>	<u>1,182</u>	<u>1,132</u>	<u>49</u>
Total revenues	<u>1,182</u>	<u>1,182</u>	<u>1,216</u>	<u>(34)</u>
 Expenditures				
Current:				
General government	488	488	396	92
Transportation	4	4	9	(5)
Culture and recreation	474	474	606	(132)
Capital outlay:				
General government	-	-	36	(36)
Total expenditures	<u>966</u>	<u>966</u>	<u>1,047</u>	<u>(81)</u>
 Excess (deficiency) of revenues over (under) expenditures	216	216	169	47
 Other financing sources(uses)				
Sale of capital assets	-	-	<u>2,879</u>	<u>(2,879)</u>
Total other financing sources(uses)	<u>-</u>	<u>-</u>	<u>2,879</u>	<u>(2,879)</u>
 Net change in fund balance	216	216	3,047	(2,832)
 Fund balance beginning of year	<u>1,317</u>	<u>1,317</u>	<u>1,851</u>	<u>(534)</u>
Fund balance end of year	<u>\$ 1,533</u>	<u>\$ 1,533</u>	<u>\$ 4,898</u>	<u>\$ (3,366)</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**

**Parks Fees Fund**

For the Fiscal Year Ended December 31, 2018

(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Service charges and fees	\$ 4,598	\$ 4,598	\$ 4,009	\$ 589
Interest and assessment interest	46	46	24	22
Net change in fair value of investments	-	-	2	(2)
Rent	2,145	2,145	2,451	(306)
Other	12	12	-	12
Total revenues	<u>6,801</u>	<u>6,801</u>	<u>6,486</u>	<u>315</u>
Expenditures				
Current:				
Culture and recreation	<u>6,348</u>	<u>6,348</u>	<u>6,187</u>	<u>161</u>
Total expenditures	<u>6,348</u>	<u>6,348</u>	<u>6,187</u>	<u>161</u>
Excess (deficiency) of revenues over (under) expenditures	453	453	299	154
Other financing sources(uses)				
Transfers in	36	36	36	-
Transfers out	<u>(300)</u>	<u>(300)</u>	<u>(150)</u>	<u>(150)</u>
Total other financing sources(uses)	<u>(264)</u>	<u>(264)</u>	<u>(114)</u>	<u>(150)</u>
Net change in fund balance	189	189	184	4
Fund balance beginning of year	<u>1,025</u>	<u>1,025</u>	<u>908</u>	<u>117</u>
Fund balance end of year	<u>\$ 1,214</u>	<u>\$ 1,214</u>	<u>\$ 1,092</u>	<u>\$ 121</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Development Services Fund**

For the Fiscal Year Ended December 31, 2018  
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Licenses and permits	\$ 9,018	\$ 9,018	\$ 10,551	\$ (1,533)
Service charges and fees	11,694	11,694	12,904	(1,210)
Fines and forfeitures	-	-	51	(51)
Interest and assessment interest	133	133	491	(358)
Net change in fair value of investments	-	-	46	(46)
Total revenues	<u>20,845</u>	<u>20,845</u>	<u>24,044</u>	<u>(3,198)</u>
Expenditures				
Current:				
Economic environment	<u>25,966</u>	<u>26,036</u>	<u>25,690</u>	<u>346</u>
Total expenditures	<u>25,966</u>	<u>26,036</u>	<u>25,690</u>	<u>346</u>
Excess (deficiency) of revenues over (under) expenditures	(5,121)	(5,190)	(1,646)	(3,544)
Other financing sources(uses)				
Transfers in	4,290	4,360	4,360	-
Transfers out	<u>(239)</u>	<u>(239)</u>	<u>(262)</u>	<u>23</u>
Total other financing sources(uses)	<u>4,051</u>	<u>4,121</u>	<u>4,098</u>	<u>23</u>
Net change in fund balance	(1,070)	(1,070)	2,452	(3,521)
Fund balance beginning of year	<u>15,779</u>	<u>15,779</u>	<u>13,603</u>	<u>2,176</u>
Fund balance end of year	<u>\$ 14,709</u>	<u>\$ 14,709</u>	<u>\$ 16,055</u>	<u>\$ (1,345)</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**

**LEOFF I Medical Reserve Fund**

For the Fiscal Year Ended December 31, 2018

(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Intergovernmental	\$ 47	\$ 47	\$ 68	\$ (21)
Interest and assessment interest	43	43	26	17
Net change in fair value of investments	-	-	1	(1)
Total revenues	<u>90</u>	<u>90</u>	<u>95</u>	<u>(5)</u>
Expenditures				
Current:				
Public safety	<u>2,107</u>	<u>2,107</u>	<u>1,863</u>	<u>244</u>
Total expenditures	<u>2,107</u>	<u>2,107</u>	<u>1,863</u>	<u>244</u>
Excess (deficiency) of revenues over (under) expenditures	(2,017)	(2,017)	(1,768)	(249)
Other financing sources(uses)				
Transfers in	<u>462</u>	<u>462</u>	<u>462</u>	<u>-</u>
Total other financing sources(uses)	<u>462</u>	<u>462</u>	<u>462</u>	<u>-</u>
Net change in fund balance	(1,555)	(1,555)	(1,306)	(249)
Fund balance beginning of year	<u>1,807</u>	<u>1,807</u>	<u>2,074</u>	<u>(268)</u>
Fund balance end of year	<u>\$ 252</u>	<u>\$ 252</u>	<u>\$ 768</u>	<u>\$ (517)</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Park Maintenance and Operations Reserve Fund**  
 For the Fiscal Year Ended December 31, 2018  
 (in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Interest and assessment interest	\$ 35	\$ 35	\$ 117	\$ (82)
Net change in fair value of investments	-	-	11	(11)
Total revenues	<u>35</u>	<u>35</u>	<u>128</u>	<u>(93)</u>
Excess (deficiency) of revenues over (under) expenditures	35	35	128	(93)
Other financing sources(uses)				
Transfers out	<u>(293)</u>	<u>(293)</u>	<u>(293)</u>	<u>-</u>
Total other financing sources(uses)	<u>(293)</u>	<u>(293)</u>	<u>(293)</u>	<u>-</u>
Net change in fund balance	(258)	(258)	(165)	(93)
Fund balance beginning of year	<u>6,740</u>	<u>6,740</u>	<u>6,769</u>	<u>(29)</u>
Fund balance end of year	<u>\$ 6,483</u>	<u>\$ 6,483</u>	<u>\$ 6,604</u>	<u>\$ (122)</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Solid Waste Fund**

For the Fiscal Year Ended December 31, 2018  
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Intergovernmental	\$ 306	\$ 306	\$ 336	\$ (30)
Service charges and fees	750	750	742	8
Interest and assessment interest	25	25	32	(7)
Net change in fair value of investments	-	-	3	(3)
Other	3	3	272	(269)
Total revenues	<u>1,084</u>	<u>1,084</u>	<u>1,385</u>	<u>(301)</u>
Expenditures				
Current:				
Physical environment	<u>1,179</u>	<u>1,179</u>	<u>1,032</u>	<u>147</u>
Total expenditures	<u>1,179</u>	<u>1,179</u>	<u>1,032</u>	<u>147</u>
Net change in fund balance	(95)	(95)	353	(448)
Fund balance beginning of year	994	994	1,807	(813)
Fund balance end of year	<u>\$ 899</u>	<u>\$ 899</u>	<u>\$ 2,160</u>	<u>\$ (1,261)</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Hotel/Motel Tax Fund**

For the Fiscal Year Ended December 31, 2018  
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Taxes and special assessments	\$ 13,127	\$ 13,127	\$ 12,645	\$ 482
Interest and assessment interest	-	-	12	(12)
Total revenues	<u>13,127</u>	<u>13,127</u>	<u>12,657</u>	<u>470</u>
Expenditures				
Current:				
General government	<u>11,120</u>	<u>11,120</u>	<u>10,624</u>	<u>497</u>
Total expenditures	<u>11,120</u>	<u>11,120</u>	<u>10,624</u>	<u>497</u>
Excess (deficiency) of revenues over (under) expenditures	2,007	2,007	2,033	(27)
Other financing sources(uses)				
Transfers out	<u>(2,007)</u>	<u>(2,007)</u>	<u>(2,007)</u>	<u>-</u>
Total other financing sources(uses)	<u>(2,007)</u>	<u>(2,007)</u>	<u>(2,007)</u>	<u>-</u>
Net change in fund balance	-	-	26	(27)
Fund balance beginning of year	<u>-</u>	<u>-</u>	<u>234</u>	<u>(234)</u>
Fund balance end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 260</u></u>	<u><u>\$ (261)</u></u>



## **Internal Service Funds**

**Descriptions of the Internal Service funds included in the city's Comprehensive Annual Financial Report are provided below:**

The **Equipment Rental Fund** accounts for the operation of the electronic equipment shop, maintenance of city vehicles and other motorized equipment, and reserves for replacement of designated equipment. Rates charged to user departments are based on the full cost of operations and maintenance, including the recovery of related depreciation expense.

The **Workers' Compensation Fund** accounts for the city's workers' compensation self-insurance program. Premiums received by the fund are used to pay benefits to injured workers' and to maintain reserves for the payment of future claims based on actuarial estimates.

The **Unemployment Compensation Fund** accounts for the city's unemployment compensation self-insurance program. Premiums received by the fund are used to reimburse the State's Employment Security Department for unemployment benefits paid to eligible individuals and to maintain reserves for the payment of future claims based on actuarial estimates.

The **General Self-Insurance Fund** accounts for the city's self-insurance program for property and casualty losses and general loss control activities. Premiums received by the fund are used to pay liability claims, purchase fire and property damage coverage, and to maintain reserves for the payment of estimated future claims liability based on actuarial estimates.

The **Health Benefits Fund** accounts for programs established to provide employee medical and dental health care coverage. Medical premiums received by the fund are used to pay claims for employees participating in the city's self-insured health care program, purchase stop-loss coverage for individual and aggregate claims in excess of self-insured limits, and maintain reserves for the payment of future claims based on actuarial estimates. Employee dental coverage is purchased from an outside carrier.

The **Information Technology Fund** accounts for information services operations and replacement reserves for the desktop computers, workstations, and major software applications.

The **Facilities Services Fund** provides coordinated, cost-effective planning, development, maintenance, and management services required to support city operations in General Government buildings. This Fund includes operating costs, capital costs, and building reserves for future facility projects.

**Combining Statement of Fund Net Position**  
**Internal Service Funds**  
 As of December 31, 2018  
 (in thousands)

	<u>Equipment Rental</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self- Insurance</u>
Assets:				
Current assets:				
Cash & equity in pooled investments	\$ 5,914	\$ 2,772	\$ 291	\$ 3,373
Receivables (net of allowances):				
Accounts	1	-	-	-
Interest	26	12	1	14
Other	3	-	-	-
Due from other funds	93	-	-	-
Due from other governments	1	-	-	47
Inventory	611	-	-	-
Total current assets	<u>6,649</u>	<u>2,784</u>	<u>292</u>	<u>3,434</u>
Noncurrent assets:				
Capital assets:				
Capital assets (net)	20,099	-	-	-
Total noncurrent assets	<u>20,099</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>26,748</u>	<u>2,784</u>	<u>292</u>	<u>3,434</u>
Deferred Outflows				
For pensions	122	-	-	33
Total deferred outflows	<u>122</u>	<u>-</u>	<u>-</u>	<u>33</u>
Total assets and deferred outflows	<u>26,870</u>	<u>2,784</u>	<u>292</u>	<u>3,467</u>
Liabilities:				
Current liabilities:				
Accounts payable	166	-	-	18
Estimated claims	-	1,464	37	986
Due to other governments	1	-	-	-
Accrued payroll	103	-	-	31
Accrued compensated absences	56	-	-	22
Liabilities payable from restricted assets:				
Customer deposits	-	-	-	-
Retainage payable	-	-	-	-
Total current liabilities	<u>326</u>	<u>1,464</u>	<u>37</u>	<u>1,057</u>
Noncurrent liabilities:				
Accrued compensated absences	132	-	-	51
Estimated claims	-	1,280	-	1,584
Pension liability	331	-	-	90
Total noncurrent liabilities	<u>463</u>	<u>1,280</u>	<u>-</u>	<u>1,725</u>
Total liabilities	<u>789</u>	<u>2,744</u>	<u>37</u>	<u>2,782</u>
Deferred Inflows				
For pensions	387	-	-	104
Total deferred inflows	<u>387</u>	<u>-</u>	<u>-</u>	<u>104</u>
Total liabilities and deferred inflows	<u>1,176</u>	<u>2,744</u>	<u>37</u>	<u>2,886</u>
Net position:				
Net investment in capital assets	20,099	-	-	-
Restricted for:				
Customer deposits	-	-	-	-
Unrestricted	5,595	40	255	581
Total net position	<u>\$ 25,694</u>	<u>\$ 40</u>	<u>\$ 255</u>	<u>\$ 581</u>

**Combining Statement of Fund Net Position**  
**Internal Service Funds**  
 As of December 31, 2018  
 (in thousands)

	<u>Health Benefits</u>	<u>Information Technology</u>	<u>Facilities Services</u>	<u>Total</u>
Assets:				
Current assets:				
Cash & equity in pooled investments	\$ 10,483	\$ 7,433	\$ 2,678	\$ 32,944
Receivables (net of allowances):				
Accounts	-	-	-	1
Interest	44	31	11	139
Other	-	-	-	3
Due from other funds	-	-	-	93
Due from other governments	-	-	-	48
Inventory	-	-	-	611
Total current assets	<u>10,527</u>	<u>7,464</u>	<u>2,689</u>	<u>33,839</u>
Noncurrent assets:				
Capital assets:				
Capital assets (net)	-	1,372	1,217	22,688
Total noncurrent assets	<u>-</u>	<u>1,372</u>	<u>1,217</u>	<u>22,688</u>
Total assets	<u>10,527</u>	<u>8,836</u>	<u>3,906</u>	<u>56,527</u>
Deferred Outflows				
For pensions	10	704	115	984
Total deferred outflows	<u>10</u>	<u>704</u>	<u>115</u>	<u>984</u>
Total assets and deferred outflows	<u>10,537</u>	<u>9,540</u>	<u>4,021</u>	<u>57,511</u>
Liabilities:				
Current liabilities:				
Accounts payable	367	171	425	1,147
Estimated claims	1,471	-	-	3,958
Due to other governments	-	3	4	8
Accrued payroll	10	333	111	588
Accrued compensated absences	7	163	33	281
Liabilities payable from restricted assets:				
Customer deposits	-	-	3	3
Retainage payable	-	5	-	5
Total current liabilities	<u>1,855</u>	<u>675</u>	<u>576</u>	<u>5,990</u>
Noncurrent liabilities:				
Accrued compensated absences	16	380	76	655
Estimated claims	-	-	-	2,864
Pension liability	26	5,274	309	6,030
Total noncurrent liabilities	<u>42</u>	<u>5,654</u>	<u>385</u>	<u>9,549</u>
Total liabilities	<u>1,897</u>	<u>6,329</u>	<u>961</u>	<u>15,539</u>
Deferred Inflows				
For pensions	31	1,334	336	2,192
Total deferred inflows	<u>31</u>	<u>1,334</u>	<u>336</u>	<u>2,192</u>
Total liabilities and deferred inflows	<u>1,928</u>	<u>7,663</u>	<u>1,297</u>	<u>17,731</u>
Net position:				
Net investment in capital assets	-	1,367	1,217	22,683
Restricted for:				
Customer deposits	-	-	3	3
Unrestricted	8,609	510	1,504	17,094
Total net position	<u>\$ 8,609</u>	<u>\$ 1,877</u>	<u>\$ 2,724</u>	<u>\$ 39,780</u>

**Combining Statement of Revenues, Expenses, and Changes in Net Position  
Internal Service Funds**

For the Year Ended December 31, 2018  
(in thousands)

	<u>Equipment Rental</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self-Insurance</u>
Operating revenues:				
Intergovernmental	\$ 132	\$ -	\$ -	\$ -
Service charges and fees	11,779	-	-	-
Rent	-	-	-	-
Insurance recovery	-	-	-	429
Premiums/contributions	-	1,707	181	2,875
Other	6	1	-	-
Total operating revenues	<u>11,917</u>	<u>1,708</u>	<u>181</u>	<u>3,304</u>
Operating expenses:				
Administrative and general	590	65	-	1,450
Maintenance and operations	6,980	22	-	-
Depreciation	4,209	-	-	-
Insurance costs	-	244	-	295
Benefits and claims payments	-	2,123	191	1,186
Total operating expenses	<u>11,779</u>	<u>2,454</u>	<u>191</u>	<u>2,931</u>
Operating income (loss)	138	(746)	(10)	373
Nonoperating revenues (expenses):				
Interest income	115	53	5	54
Net change in fair value of investments	11	4	1	5
Gain on disposal of capital assets	(66)	-	-	-
Other nonoperating revenues	13	-	-	-
Total nonoperating revenue (expenses)	<u>73</u>	<u>57</u>	<u>6</u>	<u>59</u>
Income before contributions and transfers	211	(689)	(4)	432
Special items, contributions and transfers:				
Transfers in	1,201	-	-	196
Transfers out	(590)	(190)	(6)	-
Capital contributed from external sources	52	-	-	-
Total special items, contributions and transfers	<u>663</u>	<u>(190)</u>	<u>(6)</u>	<u>196</u>
Change in net position	874	(879)	(10)	628
Net position beginning of year	24,820	918	266	(47)
Net position end of year	<u>\$ 25,694</u>	<u>\$ 40</u>	<u>\$ 255</u>	<u>\$ 581</u>

**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
 For the Year Ended December 31, 2018  
 (in thousands)

	<b>Health Benefits</b>	<b>Information Technology</b>	<b>Facilities Services</b>	<b>Total</b>
Operating revenues:				
Intergovernmental	\$ -	\$ -	\$ 23	\$ 155
Service charges and fees	2,973	14,128	5,907	34,787
Rent	-	-	2,282	2,282
Insurance recovery	-	-	-	429
Premiums/contributions	21,867	-	-	26,630
Other	-	-	-	7
<b>Total operating revenues</b>	<b>24,840</b>	<b>14,128</b>	<b>8,212</b>	<b>64,290</b>
Operating expenses:				
Administrative and general	4,721	2,641	1,565	11,032
Maintenance and operations	-	10,801	5,762	23,565
Depreciation	-	660	132	5,001
Insurance costs	6,185	-	-	6,724
Benefits and claims payments	14,735	-	-	18,235
<b>Total operating expenses</b>	<b>25,641</b>	<b>14,102</b>	<b>7,459</b>	<b>64,557</b>
Operating income (loss)	(801)	26	753	(267)
Nonoperating revenues (expenses):				
Interest income	173	132	39	571
Net change in fair value of investments	17	12	4	54
Gain on disposal of capital assets	-	(16)	-	(82)
Other nonoperating revenues	7	-	8	28
<b>Total nonoperating revenue (expenses)</b>	<b>197</b>	<b>128</b>	<b>51</b>	<b>571</b>
Income before contributions and transfers	(604)	154	804	304
Special items, contributions and transfers:				
Transfers in	-	-	161	1,558
Transfers out	(10)	(24)	(492)	(1,312)
Capital contributed from external sources	-	4	-	56
<b>Total special items, contributions and transfers</b>	<b>(10)</b>	<b>(20)</b>	<b>(331)</b>	<b>302</b>
Change in net position	(614)	134	473	606
Net position beginning of year	9,223	1,744	2,250	39,174
<b>Net position end of year</b>	<b>\$ 8,609</b>	<b>\$ 1,877</b>	<b>\$ 2,724</b>	<b>\$ 39,780</b>

**Combining Statement of Cash Flows**  
**Internal Service Funds**  
 For the Year Ended December 31, 2018  
 (in thousands)

	<u>Equipment Rental</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self-Insurance</u>
Cash flows from operating activities:				
Cash received from customers and users	\$ 12,245	\$ -	\$ -	\$ -
Contributions received - employer/employee	-	1,706	182	2,875
Cash received from insurance proceeds	-	-	-	429
Cash payments to suppliers for goods & services	(3,764)	(89)	-	(1,156)
Cash payments to employees for services	(4,040)	-	-	(852)
Cash payments to claimants	-	(1,824)	(175)	(1,386)
Cash received from other governments	-	-	-	(47)
Cash received from contracts/rent	-	-	-	-
Cash payments for insurance	-	(244)	-	(295)
Other receipts	13	1	-	-
Net cash provided (used) by operating activities	<u>4,454</u>	<u>(449)</u>	<u>6</u>	<u>(433)</u>
Cash flows from noncapital financing activities:				
Transfers in	1,201	-	-	196
Transfers out	(590)	(190)	(6)	-
Net cash provided (used) by noncapital financing activities:	<u>611</u>	<u>(190)</u>	<u>(6)</u>	<u>196</u>
Cash flows from capital & related financing activities:				
Acquisition and construction of capital assets	(6,031)	-	-	-
Net cash provided (used) by capital financing activities	<u>(6,031)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Interest on investments	125	58	5	58
Net cash provided (used) by investing activities	<u>125</u>	<u>58</u>	<u>5</u>	<u>58</u>
Net increase (decrease) in cash balance	(841)	(581)	5	(179)
Cash and equity in pooled investments balance beginning of year				
	<u>6,755</u>	<u>3,353</u>	<u>286</u>	<u>3,552</u>
Cash and equity in pooled investments balance end of year				
	<u>\$ 5,914</u>	<u>\$ 2,772</u>	<u>\$ 291</u>	<u>\$ 3,373</u>

**Combining Statement of Cash Flows**  
**Internal Service Funds**  
 For the Year Ended December 31, 2018  
 (in thousands)

	<b>Health Benefits</b>	<b>Information Technology</b>	<b>Facilities Services</b>	<b>Total</b>
Cash flows from operating activities:				
Cash received from customers and users	\$ 2,973	\$ 14,245	\$ 5,930	\$ 35,393
Contributions received - employer/employees	21,867	-	-	26,630
Cash received from insurance proceeds	-	-	-	429
Cash payments to suppliers for goods & services	(123)	(4,881)	(4,557)	(14,570)
Cash payments to employees for services	(4,331)	(8,614)	(2,690)	(20,527)
Cash payments to claimants	(15,000)	-	-	(18,385)
Cash received from other governments	-	-	-	(47)
Cash received from contracts/rent	-	-	2,282	2,282
Cash payments for insurance	(6,185)	-	-	(6,724)
Other receipts	7	-	8	29
Net cash provided (used) by operating activities	<u>(792)</u>	<u>750</u>	<u>973</u>	<u>4,509</u>
Cash flows from noncapital financing activities:				
Transfers in	-	-	161	1,558
Transfers out	(10)	(24)	(492)	(1,312)
Net cash provided (used) by noncapital financing activities:	<u>(10)</u>	<u>(24)</u>	<u>(331)</u>	<u>246</u>
Cash flows from capital & related financing activities:				
Acquisition and construction of capital assets	-	(419)	-	(6,450)
Net cash provided (used) by capital financing activities	<u>-</u>	<u>(419)</u>	<u>-</u>	<u>(6,450)</u>
Cash flows from investing activities:				
Interest on investments	185	137	40	608
Net cash provided (used) by investing activities	<u>185</u>	<u>137</u>	<u>40</u>	<u>608</u>
Net increase (decrease) in cash balance	(617)	444	682	(1,087)
Cash and equity in pooled investments balance beginning of year				
	<u>11,100</u>	<u>6,989</u>	<u>1,996</u>	<u>34,029</u>
Cash and equity in pooled investments balance end of year	<u>\$ 10,483</u>	<u>\$ 7,433</u>	<u>\$ 2,678</u>	<u>\$ 32,944</u>



**Combining Statement of Cash Flows**  
**Internal Service Funds**  
 For the Year Ended December 31, 2018  
 (in thousands)

	<u>Equipment Rental</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self-Insurance</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 138	\$ (746)	\$ (10)	\$ 373
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	4,209	-	-	-
Other receipts	13	-	-	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	4	-	-	-
(Increase) decrease in due from other funds	(94)	-	-	-
(Increase) decrease in due from other governments	415	-	-	(47)
(Increase) decrease in inventory	(55)	-	-	-
(Increase) decrease in deferred outflow	44	-	-	9
Increase (decrease) in accounts payable	(8)	(2)	-	(547)
Increase (decrease) in retainage payable	-	-	-	-
Increase (decrease) in wages & benefits payable	(16)	-	-	-
Increase (decrease) in compensated absences	(7)	-	-	14
Increase (decrease) in due to other governments	-	-	-	-
Increase (decrease) in estimated claims payable	-	299	16	(200)
Increase (decrease) in pension liability	(338)	-	-	(79)
Increase (decrease) in deferred inflows	148	-	-	44
Total adjustments	<u>4,316</u>	<u>297</u>	<u>16</u>	<u>(806)</u>
Net cash provided (used) by operating activities	<u>\$ 4,454</u>	<u>\$ (449)</u>	<u>\$ 6</u>	<u>\$ (433)</u>
Non-cash investing, capital and financing activities:				
Donated capital assets	\$ -	\$ -	\$ -	\$ -
Increase (decrease) in fair value of investments	\$ 11	\$ 4	\$ 1	\$ 5

**Combining Statement of Cash Flows**  
**Internal Service Funds**  
 For the Year Ended December 31, 2018  
 (in thousands)

	<b>Health Benefits</b>	<b>Information Technology</b>	<b>Facilities Services</b>	<b>Total</b>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (801)	\$ 26	\$ 753	\$ (267)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	-	660	132	5,001
Other receipts	7	-	8	28
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	116	-	120
(Increase) decrease in due from other funds	-	-	(3)	(97)
(Increase) decrease in due from other governments	-	-	-	368
(Increase) decrease in inventory	-	-	-	(55)
(Increase) decrease in deferred outflow	4	54	53	164
Increase (decrease) in accounts payable	275	(57)	324	(15)
Increase (decrease) in retainage payable	-	-	(8)	(8)
Increase (decrease) in wages & benefits payable	1	(9)	(14)	(38)
Increase (decrease) in compensated absences	3	(69)	4	(55)
Increase (decrease) in due to other governments	-	3	-	3
Increase (decrease) in estimated claims payable	(266)	-	-	(151)
Increase (decrease) in pension liability	(27)	(471)	(370)	(1,284)
Increase (decrease) in deferred inflows	11	496	95	794
Total adjustments	9	724	220	4,776
Net cash provided (used) by operating activities	<u>\$ (792)</u>	<u>\$ 750</u>	<u>\$ 973</u>	<u>\$ 4,509</u>
Non-cash investing, capital and financing activities:				
Donated capital assets	\$ -	\$ -	\$ -	\$ -
Increase (decrease) in fair value of investments	\$ 17	\$ 12	\$ 4	\$ 54

## **Fiduciary Funds**

**Descriptions of the trust and agency fiduciary funds included as supplementary information in the city's Comprehensive Annual Financial Report are provided below:**

#### **Fiduciary Funds**

The **e-CityGov Alliance Fund** accounts for a multi-jurisdictional site created to provide a regionally-coordinated portal for the delivery of municipal services via the Internet, providing citizens with internet access to a variety of services, and offers a forum for the sharing of resources in the development and deployment of future online municipal services.

The **Community Connectivity Consortium Fund** accounts for contributions from members of an interlocal agreement which provides for connectivity services to meet the needs of community institutions.

The **Eastside NARC Task Force Fund** accounts for revenues generated by an interlocal task force of law enforcement agencies to support drug enforcement activities.

The **Hazardous Materials Fund** accounts for contributions from members of an interlocal agreement which provides for the development and operation of the Hazardous Materials Unit and Team.

The **ARCH Housing Coalition Fund** accounts for contributions from members of an interlocal agreement to provide affordable housing for low- and moderate-income households on the eastside.

**Combining Statement of Fiduciary Net Position  
Fiduciary Funds**

As of December 31, 2018  
(in thousands)

	<u>eCityGov Alliance</u>	<u>Connectivity Consortium</u>	<u>Eastside NARC Task Force</u>	<u>Hazardous Materials</u>
<b>Assets:</b>				
Cash & equity in pooled investments	\$ 997	\$ 141	\$ 178	\$ 192
Receivables (net of allowances):				
Interest	4	1	1	1
Due from other governments	275	-	96	308
Capital assets (net)	-	-	10	115
<b>Total assets</b>	<u>1,276</u>	<u>142</u>	<u>285</u>	<u>616</u>
<b>Liabilities:</b>				
Accounts payable	24	3	-	3
Due to other governments	1,252	139	219	613
Deposits payable	-	-	66	-
<b>Total liabilities</b>	<u>1,276</u>	<u>142</u>	<u>285</u>	<u>616</u>
<b>Total net position</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
 As of December 31, 2018  
 (in thousands)

	<b>ARCH Housing Coalition</b>	<b>Total</b>
Assets:		
Cash & equity in pooled investments	\$ 8,294	\$ 9,801
Receivables (net of allowances):		
Interest	35	42
Due from other governments	948	1,628
Capital assets (net)	<u>-</u>	<u>125</u>
Total assets	<u>9,277</u>	<u>11,596</u>
Liabilities:		
Accounts payable	1	31
Due to other governments	9,276	11,499
Deposits payable	<u>-</u>	<u>66</u>
Total liabilities	<u>9,277</u>	<u>11,596</u>
Total net position	<u>\$ -</u>	<u>\$ -</u>

**Combining Statement of Changes in Assets and Liabilities**  
**Fiduciary Funds**  
 For the Year Ended December 31, 2018  
 (in thousands)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>eCityGov Alliance</b>				
Assets:				
Cash & equity in pooled investments	\$ 756	\$ 1,532	\$ 1,291	\$ 997
Interest receivable	3	5	4	4
Due from other governments	193	1,227	1,145	275
<b>Total assets</b>	<u>\$ 952</u>	<u>\$ 2,764</u>	<u>\$ 2,440</u>	<u>\$ 1,276</u>
Liabilities:				
Accounts payable	\$ 26	\$ 24	\$ 26	\$ 24
Due to other governments	926	977	651	1,252
<b>Total liabilities</b>	<u>\$ 952</u>	<u>\$ 1,001</u>	<u>\$ 677</u>	<u>\$ 1,276</u>
<b>Community Connectivity Consortium</b>				
Assets:				
Cash & equity in pooled investments	\$ 103	\$ 134	\$ 96	\$ 141
Interest Receivable	-	1	-	1
Due from other governments	-	116	116	-
<b>Total assets</b>	<u>\$ 103</u>	<u>\$ 251</u>	<u>\$ 212</u>	<u>\$ 142</u>
Liabilities:				
Accounts payable	\$ 8	\$ 3	\$ 8	\$ 3
Due to other governments	95	131	87	139
<b>Total liabilities</b>	<u>\$ 103</u>	<u>\$ 134</u>	<u>\$ 95</u>	<u>\$ 142</u>
<b>Eastside NARC Task Force</b>				
Assets:				
Cash & equity in pooled investments	\$ 80	\$ 128	\$ 31	\$ 178
Interest receivable	-	1	-	1
Due from other governments	96	-	-	96
Capital assets (net)	17	-	7	10
<b>Total assets</b>	<u>\$ 194</u>	<u>\$ 129</u>	<u>\$ 38</u>	<u>\$ 285</u>
Liabilities:				
Due to other governments	\$ 128	\$ 316	\$ 225	\$ 219
Deposits payable	66	-	-	66
<b>Total liabilities</b>	<u>\$ 194</u>	<u>\$ 316</u>	<u>\$ 225</u>	<u>\$ 285</u>

**Combining Statement of Changes in Assets and Liabilities**  
**Fiduciary Funds**  
 For the Year Ended December 31, 2018  
 (in thousands)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Hazardous Materials</b>				
Assets:				
Cash & equity in pooled investments	\$ 601	\$ 118	\$ 528	\$ 192
Interest receivable	2	1	2	1
Due from other governments	5	1,200	897	308
Capital assets (net)	4	115	4	115
<b>Total assets</b>	<u>\$ 613</u>	<u>\$ 1,434</u>	<u>\$ 1,431</u>	<u>\$ 616</u>
Liabilities:				
Accounts payable	\$ -	\$ 3	\$ -	\$ 3
Due to other governments	613	-	-	613
<b>Total liabilities</b>	<u>\$ 613</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 616</u>
<b>ARCH Housing Coalition</b>				
Assets:				
Cash & equity in pooled investments	\$ 7,212	\$ 4,652	\$ 3,570	\$ 8,294
Interest receivable	26	42	33	35
Due from other governments	-	4,404	3,456	948
<b>Total assets</b>	<u>\$ 7,238</u>	<u>\$ 9,098</u>	<u>\$ 7,059</u>	<u>\$ 9,277</u>
Liabilities:				
Accounts payable	\$ 3	\$ 3	\$ 5	\$ 1
Due to other governments	7,235	4,126	2,085	9,276
<b>Total liabilities</b>	<u>\$ 7,238</u>	<u>\$ 4,129</u>	<u>\$ 2,090</u>	<u>\$ 9,277</u>
<b>Total Agency Funds</b>				
Assets:				
Cash & equity in pooled investments	\$ 8,752	\$ 6,564	\$ 5,515	\$ 9,801
Interest receivable	31	49	39	42
Due from other governments	292	6,948	5,613	1,628
Capital assets (net)	24	114	12	125
<b>Total assets</b>	<u>\$ 9,100</u>	<u>\$ 13,675</u>	<u>\$ 11,179</u>	<u>\$ 11,596</u>
Liabilities:				
Accounts payable	\$ 37	\$ 33	\$ 39	\$ 31
Due to other governments	8,997	5,550	3,048	11,499
Deposits payable	66	-	-	66
<b>Total Liabilities</b>	<u>\$ 9,100</u>	<u>\$ 5,583</u>	<u>\$ 3,087</u>	<u>\$ 11,596</u>



## **Statistical Section**

Table 1

**NET POSITION BY COMPONENT<sup>(A)(B)</sup>**

Last Ten Fiscal Years  
(in thousands)

Year	Governmental Activities				Business-type Activities				Total - Primary Government			
	Net investment in capital assets	Restricted	Unrestricted	Total	Net investment in capital assets	Restricted	Unrestricted	Total	Net investment in capital assets	Restricted	Unrestricted	Total
2009	\$ 1,499,240	\$ 16,753	\$ 93,870	\$1,609,863	\$ 239,778	\$ 77,584	\$ 32,735	\$ 350,097	\$ 1,739,018	\$ 94,337	\$ 126,605	\$ 1,959,960
2010	1,494,063	24,042	81,936	1,600,041	252,444	92,384	30,834	375,662	1,746,506	116,427	112,770	1,975,703
2011	1,506,482	11,207	80,770	1,598,459	258,754	102,188	36,542	397,484	1,765,236	113,395	117,312	1,995,943
2012	1,513,235	25,690	58,636	1,597,561	265,524	123,837	30,977	420,338	1,778,759	149,527	89,613	2,017,900
2013	1,563,631	18,054	25,227	1,606,912	277,669	138,021	34,103	449,793	1,841,300	156,075	59,330	2,056,705
2014	1,546,380	47,503	44,716	1,638,599	289,506	529	222,653	512,688	1,835,886	48,032	267,369	2,151,287
2015	1,566,471	91,987	(31,050)	1,627,408	312,700	537	235,263	548,500	1,879,171	92,524	204,213	2,175,908
2016	1,605,104	101,621	(37,081)	1,669,644	336,121	800	215,615	552,536	1,941,225	102,456	178,534	2,222,180
2017	1,626,502	112,522	5,774	1,744,798	353,414	804	249,089	603,307	1,979,916	113,326	254,863	2,348,105
2018	1,661,776	117,031	27,875	1,806,682	375,075	378	282,087	657,540	2,036,851	117,409	309,962	2,464,222

<sup>(A)</sup> All amounts are reported on the accrual basis. As of 2012, certain activities have been reclassified to deferred inflows and deferred outflows.

<sup>(B)</sup> As of 2012, GASB Statement No. 63 redefined financial reporting to include the Statement of Net Position. Prior to 2012, the information above was provided on the Statement of Net Assets.

**CHANGES IN NET POSITION <sup>(A)(B)</sup>**  
Last Ten Fiscal Years  
(in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities										
General government	\$ 29,641	\$ 25,557	\$ 36,450	\$ 36,392	\$ 28,354	\$ 31,948	\$ 33,611	\$ 39,840	\$ 27,174	\$ 34,751
Public safety	78,373	79,818	79,163	82,822	84,074	85,734	90,269	90,827	94,620	98,732
Physical environment	1,952	1,801	1,813	1,642	2,892	2,249	2,446	1,509	1,361	1,194
Transportation	25,853	30,413	29,711	27,761	29,147	30,925	36,384	36,729	43,071	40,929
Economic environment	21,785	20,177	18,720	19,037	20,768	23,336	34,571	32,573	31,821	31,259
Health and human services	7,914	7,401	8,195	11,511	7,414	7,596	8,457	6,766	7,492	6,548
Culture and recreation	37,818	36,643	34,948	38,452	39,448	39,776	43,116	39,356	47,522	43,080
Interest on long-term debt	7,294	7,262	7,817	7,910	8,691	8,978	11,148	12,010	11,686	11,097
Total governmental activities	210,630	209,072	216,818	225,526	220,788	230,542	260,003	259,610	264,745	267,590
Business-type activities										
Water	30,074	33,798	34,897	38,708	41,218	46,886	44,529	48,299	45,722	49,899
Sewer	35,091	34,755	39,571	41,089	44,099	44,780	48,683	49,470	47,913	50,623
Storm & surface water	9,967	9,668	10,661	10,950	11,208	11,764	12,699	14,413	15,020	11,973
Marina	353	312	261	277	232	273	219	216	349	154
Total business-type activities	75,485	78,533	85,390	91,024	96,757	103,703	106,131	112,398	109,004	112,649
Total primary government expenses	\$ 286,115	\$ 287,605	\$ 302,208	\$ 316,550	\$ 317,545	\$ 334,245	\$ 366,134	\$ 372,007	\$ 373,350	\$ 380,239
<b>Program Revenues</b>										
Governmental activities										
Charges for services										
General government	\$ 4,042	\$ 3,151	\$ 9,743	\$ 3,904	\$ 3,764	\$ 3,686	\$ 5,518	\$ 3,519	\$ 3,449	\$ 3,295
Public safety	15,501	15,346	16,178	18,568	16,874	16,553	19,549	22,274	22,668	23,994
Physical environment	1,043	1,095	994	813	588	735	692	705	708	742
Transportation	882	721	1,071	1,930	1,940	6,391	10,098	8,518	11,361	15,224
Economic environment	11,830	9,165	8,564	11,311	12,545	17,296	18,797	19,334	17,444	17,873
Health and human services	402	371	463	496	530	545	555	2,150	3,015	3,048
Culture and recreation	7,875	8,078	8,922	8,873	9,186	9,183	10,220	11,569	11,258	11,488
Operating grants and contributions	8,796	9,196	8,423	8,188	7,851	7,585	11,427	8,043	7,542	7,542
Capital grants and contributions	7,984	2,550	6,563	3,919	5,136	13,373	17,239	9,811	20,027	10,969
Total governmental activities program revenues	58,355	49,673	60,922	58,003	58,413	75,346	94,097	85,924	97,471	94,175

**CHANGES IN NET POSITION <sup>(A)(B)</sup>**

Last Ten Fiscal Years  
(in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities										
Charges for Services										
Water	33,960	35,645	37,253	41,686	48,417	52,181	57,666	57,215	61,622	64,373
Sewer	39,545	42,534	46,304	47,202	51,270	53,359	56,628	59,678	61,758	63,479
Storm & surface water	14,788	16,138	16,383	16,730	18,872	20,446	21,333	22,593	23,376	24,490
Marina	507	497	538	564	575	585	625	624	606	653
Operating grants and contributions	-	-	-	-	-	-	-	-	-	104
Capital grants and contributions	5,002	7,155	3,575	4,693	5,141	7,619	5,611	6,068	6,617	7,644
Total business-type activities program revenues	93,802	101,969	104,054	110,875	124,275	134,190	141,863	146,179	153,979	160,743
Total primary government program revenues	152,157	151,642	164,976	168,877	182,688	209,536	235,959	232,103	251,450	254,918
<b>Net (Expense)/Revenue</b>										
Governmental activities	(152,275)	(159,399)	(155,896)	(167,523)	(162,375)	(155,196)	(165,906)	(173,686)	(167,274)	(173,415)
Business-type activities	18,317	23,436	18,664	19,851	27,518	30,487	35,732	33,781	44,975	48,094
Total primary government net expense	<u>\$ (133,958)</u>	<u>\$ (135,963)</u>	<u>\$ (137,232)</u>	<u>\$ (147,673)</u>	<u>\$ (134,857)</u>	<u>\$ (124,709)</u>	<u>\$ (130,175)</u>	<u>\$ (139,905)</u>	<u>\$ (122,299)</u>	<u>\$ (125,321)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities										
Taxes										
Property tax	\$ 34,854	\$ 35,364	\$ 36,337	\$ 37,538	\$ 38,302	\$ 38,379	\$ 40,222	\$ 41,304	\$ 55,907	\$ 57,754
Retail sales and use tax	45,119	44,984	46,357	48,596	53,072	59,278	66,173	69,686	72,981	78,251
Utility tax	24,012	25,071	25,941	25,813	28,103	26,790	27,219	27,169	29,386	29,036
Business and occupation tax	26,141	25,103	25,753	27,492	28,783	34,856	36,551	38,380	43,530	47,811
Excise tax	6,258	10,521	6,680	13,646	12,090	14,665	19,515	22,815	21,350	20,951
Hotel/motel tax	5,332	6,095	6,776	7,469	9,176	8,975	10,191	11,214	11,780	12,645
Other tax	175	598	515	476	446	590	474	1,837	1,969	2,065
Payments from component unit	117	133	31	20	10	10	9	11	9	11
Grants and contributions - unrestricted	1,861	1,553	1,450	1,700	1,258	1,424	1,721	1,202	2,746	1,398
Unrestricted investment interest	3,252	1,479	1,458	630	884	962	1,349	1,622	2,098	3,459
Gain (loss) in change of fair value of investments	(582)	(477)	547	(83)	(801)	417	(131)	(304)	(490)	341
Miscellaneous	582	(659)	2,293	357	484	721	269	823	572	750
Gain (loss) on sale of capital assets	(75)	339	310	328	285	61	(685)	221	991	2,682
Transfers	(254)	(527)	(134)	(561)	(366)	(246)	(141)	(60)	48	(171)
Total governmental activities	146,792	149,577	154,314	163,423	171,725	186,882	202,736	215,920	242,879	256,983

**CHANGES IN NET POSITION <sup>(A)(B)</sup>**  
Last Ten Fiscal Years  
(in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities										
Unrestricted investment interest	1,874	1,254	1,529	757	924	1,213	1,581	2,099	2,857	4,496
Gain (loss) in change of fair value of investments	(373)	(462)	542	167	(911)	11,947	7,425	(432)	(707)	432
Miscellaneous	811	811	953	1,519	1,556	979	1,054	1,747	3,658	1,041
Gain (loss) on sale of capital assets	6	-	-	-	3	236	201	46	44	(1)
Transfers	254	527	134	561	366	246	141	60	(48)	171
Total business-type activities	2,572	2,129	3,158	3,003	1,937	14,621	10,401	3,520	5,804	6,139
Total primary government	<u>\$ 149,364</u>	<u>\$ 151,706</u>	<u>\$ 157,473</u>	<u>\$ 166,425</u>	<u>\$ 173,663</u>	<u>\$ 201,504</u>	<u>\$ 213,137</u>	<u>\$ 219,441</u>	<u>\$ 248,684</u>	<u>\$ 263,122</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (5,482)	\$ (9,822)	\$ (1,582)	\$ (4,101)	\$ 9,351	\$ 31,687	\$ 36,829	\$ 42,235	\$ 75,605	\$ 83,568
Business-type activities	20,891	25,565	21,823	22,854	29,455	45,109	46,133	37,301	50,780	54,233
Total primary government	<u>\$ 15,409</u>	<u>\$ 15,743</u>	<u>\$ 20,241</u>	<u>\$ 18,753</u>	<u>\$ 38,806</u>	<u>\$ 76,796</u>	<u>\$ 82,962</u>	<u>\$ 79,536</u>	<u>\$ 126,385</u>	<u>\$ 137,801</u>

<sup>(A)</sup> All amounts are reported on the accrual basis.

<sup>(B)</sup> As of 2012, GASB Statement No. 63 redefined financial reporting to include the Statement of Net Position. Prior to 2012, the information above was provided on the Statement of Net Assets.

Table 3

**GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE**

Last Ten Fiscal Years  
(in thousands)

<u>Fiscal Year</u>	<u>Total Taxes</u>	<u>General Property Taxes</u>	<u>General Sales Taxes</u>	<u>Utility Taxes</u>	<u>Business and Occupation Taxes</u>	<u>LFR Local Option Sales and Use Tax</u>	<u>Excise Taxes</u>	<u>Other Taxes and Assessments<sup>(A)</sup></u>	<u>Memo Only Hotel/Motel Tax<sup>(B)</sup></u>
2009	\$ 136,559	\$ 34,854	\$ 45,119	\$ 24,012	\$ 26,141	\$ -	\$ 6,258	\$ 175	\$ 5,332
2010	141,641	35,364	44,984	25,071	25,103	-	10,521	598	6,095
2011	141,583	36,337	46,357	25,941	25,753	-	6,680	515	6,776
2012	153,562	37,538	48,596	25,813	27,492	-	13,646	476	7,469
2013	160,796	38,302	52,757	28,103	28,783	315	12,090	446	9,176
2014	174,558	38,379	58,717	26,790	34,856	561	14,665	590	8,975
2015	190,154	40,222	65,551	27,219	36,551	622	19,515	474	10,191
2016	201,190	41,304	69,184	27,169	38,380	502	22,815	1,837	11,214
2017	225,124	55,907	72,481	29,386	43,530	500	21,350	1,969	11,780
2018	235,868	57,754	77,751	29,036	47,811	500	20,951	2,065	12,645

<sup>(A)</sup> Includes miscellaneous tax revenue and special assessments

<sup>(B)</sup> Source: Bellevue Convention Center Authority. Hotel/Motel tax receipts are reported in BCCA Financial Statements and included here as a memo item. City of Bellevue collects the tax on behalf of the BCCA. A portion of the receipts are passed directly through to the BCCA and a portion of funds are used towards BCCA bond repayment.

**FUND BALANCES OF GOVERNMENTAL FUNDS<sup>(A)</sup>**  
Last Ten Fiscal Years  
(in thousands)

<u>Fiscal Year</u>	<u>General Fund</u>			<u>All other Governmental Funds</u>			
	<u>Reserved</u>	<u>Unreserved</u>	<u>Total</u>	<u>Reserved</u>	<u>Unreserved, reported in special revenue funds</u>	<u>Unreserved, reported in capital projects funds</u>	<u>Total</u>
2009	\$ -	\$ 16,149	\$ 16,149	\$ 2,305	\$ 42,645	\$ 14,448	\$ 59,398

**FUND BALANCES OF GOVERNMENTAL FUNDS<sup>(A)</sup>**  
Last Ten Fiscal Years  
(in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>General Fund</b>									
Nonspendable for:									
Prepays	\$ -	\$ -	\$ 406	\$ 408	\$ 391	\$ 732	\$ 491	\$ 522	\$ 2
Total nonspendable fund balance	<u>-</u>	<u>-</u>	<u>406</u>	<u>408</u>	<u>391</u>	<u>732</u>	<u>491</u>	<u>522</u>	<u>2</u>
Assigned for:									
General government	991	1,180	1,454	701	980	1,333	1,640	1,086	1,050
Public safety	-	-	-	-	-	-	-	57	60
Transportation	-	-	-	-	-	-	-	716	3,591
Economic environment	-	-	-	-	-	-	-	-	16,056
Health & human services	771	-	-	-	-	98	58	-	-
Culture & recreation	1,193	-	-	873	705	912	1,132	914	1,253
Total assigned fund balance	<u>2,955</u>	<u>1,180</u>	<u>1,454</u>	<u>1,574</u>	<u>1,685</u>	<u>2,343</u>	<u>2,830</u>	<u>2,773</u>	<u>22,010</u>
Restricted for:									
General government	-	-	114	-	-	-	-	-	3
Public safety	-	-	-	-	-	-	245	342	287
Health & human services	-	567	-	-	-	-	38	225	2,472
Total restricted fund balance	<u>-</u>	<u>567</u>	<u>114</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283</u>	<u>566</u>	<u>2,762</u>
Unassigned	18,112	20,873	20,873	23,051	25,978	31,309	36,907	44,735	44,193
Total unassigned fund balance	<u>18,112</u>	<u>20,873</u>	<u>20,873</u>	<u>23,051</u>	<u>25,978</u>	<u>31,309</u>	<u>36,907</u>	<u>44,735</u>	<u>44,193</u>
Fund Balance - General fund	<u>\$ 21,067</u>	<u>\$ 22,620</u>	<u>\$ 22,847</u>	<u>\$ 25,033</u>	<u>\$ 28,054</u>	<u>\$ 34,384</u>	<u>\$ 40,511</u>	<u>\$ 48,597</u>	<u>\$ 68,967</u>



**Table 4**  
Page 3 of 5

<b>FUND BALANCES OF GOVERNMENTAL FUNDS<sup>(A)</sup></b>									
Last Ten Fiscal Years (in thousands)									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Other Governmental Funds</b>									
Assigned for:									
General government	7,100	3,579	7,718	1,255	1,275	3,042	492	10,648	30,119
Public safety	13,506	11,961	10,429	8,383	6,720	5,272	3,899	1,981	537
Physical environment	1,138	970	835	1,100	960	1,299	1,420	1,306	1,386
Transportation	2,722	243	864	-	-	-	6,204	-	-
Economic environment	-	162	1,687	4,367	6,160	-	-	1,627	-
Health & human services	5,300	4,342	3,308	3,725	4,130	5,093	398	1,698	3,651
Culture & recreation	7,370	5,179	580	966	-	-	466	707	-
Debt services	1,782	1,705	2,177	-	-	-	-	1,012	1,049
Total assigned fund balance	<u>38,918</u>	<u>28,141</u>	<u>27,598</u>	<u>19,796</u>	<u>19,244</u>	<u>14,707</u>	<u>12,880</u>	<u>18,979</u>	<u>36,742</u>
Committed for:									
General government	-	-	-	-	-	-	-	189	2,201
Transportation	-	-	-	-	-	-	-	2,078	-
Total committed fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,267</u>	<u>2,201</u>
Restricted for:									
General government	-	23	681	50,095	16,006	51,842	38,975	19,012	571
Public safety	703	740	702	1,300	1,581	1,005	825	6,323	12,780
Physical environment	564	367	823	109	538	94	394	595	1,413
Transportation	8,477	12	-	1,159	8,614	10,800	9,604	18,219	34,942
Economic environment	11,201	8,324	6,401	4,082	755	8,708	12,386	12,210	281
Health & human services	-	-	3,102	3,203	3,202	3,090	8,387	5,083	5,372
Culture & recreation	3,892	8,801	13,971	10,697	9,104	14,989	20,676	23,963	21,737
Debt services	85	6	10	1,879	2,479	1,459	1,867	110	103
Total restricted fund balance	<u>24,922</u>	<u>18,274</u>	<u>25,690</u>	<u>72,524</u>	<u>42,279</u>	<u>91,987</u>	<u>93,114</u>	<u>85,515</u>	<u>77,199</u>
Fund Balance - other governmental funds	<u>\$ 63,840</u>	<u>\$ 46,415</u>	<u>\$ 53,288</u>	<u>\$ 92,320</u>	<u>\$ 61,523</u>	<u>\$ 106,694</u>	<u>\$ 105,994</u>	<u>\$ 106,761</u>	<u>\$ 116,142</u>

**FUND BALANCES OF GOVERNMENTAL FUNDS<sup>(A)</sup>**  
Last Ten Fiscal Years  
(in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Governmental Funds</b>									
Nonspendable for:									
Prepays	\$ -	\$ -	\$ 406	\$ 408	\$ 391	\$ 732	\$ 491	\$ 522	\$ 2
Total nonspendable fund balance	-	-	406	408	391	732	491	522	2
Assigned for:									
General government	8,091	4,759	9,172	1,956	2,254	4,376	2,132	11,735	31,169
Public safety	13,506	11,961	10,429	8,383	6,720	5,272	3,899	2,038	597
Physical environment	1,138	970	835	1,100	960	1,299	1,420	1,306	1,386
Transportation	2,722	243	864	-	-	-	6,204	716	3,591
Economic environment	-	162	1,687	4,367	6,160	-	-	1,627	16,056
Health & human services	6,071	4,342	3,308	3,725	4,130	5,191	456	1,698	3,651
Culture & recreation	7,370	5,179	580	1,839	705	912	1,598	1,621	1,253
Debt services	1,782	1,705	2,177	-	-	-	-	1,012	1,049
Total assigned fund balance	40,680	29,321	29,052	21,370	20,928	17,051	15,710	21,752	58,752
Committed for:									
General government	-	-	-	-	-	-	-	189	2,201
Transportation	-	-	-	-	-	-	-	2,078	-
Total committed fund balance	-	-	-	-	-	-	-	2,267	2,201

**FUND BALANCES OF GOVERNMENTAL FUNDS<sup>(A)</sup>**  
Last Ten Fiscal Years  
(in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Restricted for:									
General government	-	23	795	50,095	16,006	51,842	38,975	19,012	574
Public safety	703	740	702	1,300	1,581	1,005	1,070	6,664	13,067
Physical environment	564	367	823	109	538	94	394	595	1,413
Transportation	8,477	12	-	1,159	8,614	10,800	9,604	18,219	34,942
Economic environment	11,201	8,324	6,401	4,082	755	8,708	12,386	12,210	281
Health & human services	-	567	3,102	3,203	3,202	3,090	8,425	5,307	7,844
Culture & recreation	3,892	8,801	13,971	10,697	9,104	14,989	20,676	23,963	21,737
Debt services	85	6	10	1,879	2,479	1,459	1,867	110	103
Total restricted fund balance	<u>24,922</u>	<u>18,841</u>	<u>25,804</u>	<u>72,524</u>	<u>42,279</u>	<u>91,987</u>	<u>93,397</u>	<u>86,082</u>	<u>79,961</u>
Unassigned	<u>18,112</u>	<u>20,873</u>	<u>20,873</u>	<u>23,051</u>	<u>25,978</u>	<u>31,309</u>	<u>36,907</u>	<u>44,736</u>	<u>44,193</u>
Total unassigned fund balance	<u>18,112</u>	<u>20,873</u>	<u>20,873</u>	<u>23,051</u>	<u>25,978</u>	<u>31,309</u>	<u>36,907</u>	<u>44,736</u>	<u>44,193</u>
Fund balance - governmental funds	<u>\$ 83,713</u>	<u>\$ 69,035</u>	<u>\$ 76,135</u>	<u>\$ 117,353</u>	<u>\$ 89,577</u>	<u>\$ 141,080</u>	<u>\$ 146,505</u>	<u>\$ 155,358</u>	<u>\$ 185,109</u>

<sup>(A)</sup> All amounts are reported on the modified accrual basis

Note: GASB Statement No. 54 Fund Balance Reporting was implemented in 2010, which redefined fund balance categories. The General Fund was restated to include special revenue funds not meeting the new definition, and fund balance categories have been redefined. Earlier years were not restated.

**Table 5**  
Page 1 of 2

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS<sup>(A)</sup>**  
Last Ten Fiscal Years  
(in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Taxes and special assessments	\$142,698	\$147,820	\$148,773	\$163,104	\$169,498	\$184,380	\$200,357	\$211,295	\$236,955	\$244,132
Licenses and permits	6,411	4,850	4,606	5,478	4,718	9,246	9,308	11,516	9,969	10,948
Intergovernmental	31,469	26,978	27,430	29,912	26,462	31,196	33,826	44,920	48,611	34,847
Service charges and fees	25,747	23,973	24,541	28,708	33,263	37,392	44,799	31,400	29,393	38,492
Fines and forfeitures	71	1,238	2,650	1,865	1,168	1,073	2,176	2,880	2,014	2,261
Interest and penalties	2,445	1,014	1,058	455	715	755	1,076	1,303	1,701	2,894
Net change in fair value of investments	(388)	(308)	358	(146)	(639)	354	(133)	(244)	(390)	287
Rent	4,863	4,607	5,133	4,820	4,829	5,249	6,624	6,419	4,896	5,184
Judgements and settlements	46	-	-	-	-	-	-	8	-	11
Premiums and contributions	2,422	1,075	686	434	2,691	3,332	4,081	1,721	4,189	2,378
Other	678	248	921	306	876	843	709	1,435	954	1,321
<b>Total revenues</b>	<b>216,462</b>	<b>211,497</b>	<b>216,156</b>	<b>234,936</b>	<b>243,581</b>	<b>273,821</b>	<b>302,824</b>	<b>312,653</b>	<b>338,293</b>	<b>342,755</b>
<b>Expenditures</b>										
General government	25,075	26,074	24,781	25,024	27,231	32,376	31,432	30,167	28,273	30,325
Public safety	79,817	80,733	80,143	83,044	86,634	87,717	91,040	90,928	95,476	102,063
Physical environment	1,953	1,793	1,746	1,544	2,666	2,191	2,382	1,330	1,391	1,207
Transportation	28,479	29,793	30,625	32,258	31,461	34,678	40,235	29,432	34,332	35,961
Economic environment	21,798	20,043	18,726	18,882	21,065	23,283	34,643	35,645	36,836	39,417
Health and human services	7,782	7,533	8,383	8,328	7,609	7,864	8,596	6,786	7,442	6,586
Culture and recreation	34,489	33,751	33,269	35,446	37,927	37,762	40,466	38,524	36,558	37,896
Capital outlay	23,035	19,383	21,713	14,552	44,971	60,613	83,794	51,010	66,346	40,426
Debt service										
Principal	14,187	4,664	4,668	4,208	20,612	6,387	6,050	7,192	9,542	9,875
Interest and fiscal charges	7,306	7,386	7,866	7,150	8,987	9,532	9,250	15,485	12,804	12,136
<b>Total expenditures</b>	<b>243,921</b>	<b>231,153</b>	<b>231,920</b>	<b>230,435</b>	<b>289,163</b>	<b>302,403</b>	<b>347,888</b>	<b>306,499</b>	<b>329,000</b>	<b>315,892</b>

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS<sup>(A)</sup>**  
Last Ten Fiscal Years  
(in thousands)

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Other Financing Sources (Uses)</b>										
Transfers in	33,301	23,325	17,821	19,481	37,243	21,022	22,433	27,193	26,861	30,770
Transfers out	(29,602)	(11,534)	(16,734)	(16,901)	(35,964)	(20,241)	(22,897)	(27,920)	(28,033)	(31,669)
Proceeds from long-term debt	12,047	14,863	-	-	-	-	91	-	-	908
Refunding bonds issued	-	9,595	-	(107,854)	70,405	-	97,935	-	-	-
Payment to refunded bond escrow agent	-	(9,600)	-	107,854	-	-	(13,072)	-	-	-
Sale of capital assets	-	42	-	-	-	26	118	-	731	2,879
Premium on issuance of long-term debt	-	1,131	-	-	11,930	-	11,958	-	-	-
<b>Total other financing sources (uses)</b>	<b>15,746</b>	<b>27,822</b>	<b>1,087</b>	<b>2,580</b>	<b>83,613</b>	<b>807</b>	<b>96,566</b>	<b>(727)</b>	<b>(440)</b>	<b>2,888</b>
<b>Net change in fund balance</b>	<b>(\$11,713)</b>	<b>\$8,166</b>	<b>(\$14,677)</b>	<b>\$7,081</b>	<b>\$38,031</b>	<b>(\$27,775)</b>	<b>\$51,503</b>	<b>\$5,427</b>	<b>\$8,853</b>	<b>\$29,751</b>
<b>Debt service as a percentage of noncapital expenditures<sup>(B)</sup></b>	<b>9.73%</b>	<b>5.69%</b>	<b>5.96%</b>	<b>5.26%</b>	<b>12.12%</b>	<b>6.58%</b>	<b>5.79%</b>	<b>8.88%</b>	<b>8.51%</b>	<b>7.99%</b>

<sup>(A)</sup> All amounts are reported on the modified accrual basis

<sup>(B)</sup> The non-capital expenditures used in this calculation are based on the values in the Statement of Revenue, Expenditures, and Changes in Fund balance, for Governmental Funds, due to internal service activity

Table 6

**GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE<sup>(A)</sup>**

Last Ten Fiscal Years  
(in thousands)

<b>Fiscal Year</b>	<b>Total Taxes</b>	<b>General Property Taxes</b>	<b>General Sales Taxes</b>	<b>Utility Taxes</b>	<b>Business and Occupation Taxes</b>	<b>LRF Local Option Sales and Use Tax</b>	<b>Other Taxes and Assessment <sup>(B)</sup></b>	<b>Memo Only Hotel/Motel Tax <sup>(C)</sup></b>
2009	\$ 137,366	\$ 34,738	\$ 45,119	\$ 24,119	\$ 26,340	\$ -	\$ 7,050	\$ 5,332
2010	141,723	35,337	44,984	25,076	25,285	-	11,041	6,095
2011	141,996	36,401	46,357	25,921	26,208	-	7,109	6,776
2012	155,634	37,821	48,596	26,476	28,690	-	14,051	7,469
2013	160,322	37,939	52,757	28,103	28,673	315	12,535	9,176
2014	175,404	38,440	58,717	26,790	35,880	561	15,016	8,975
2015	190,166	40,187	65,551	27,219	37,025	622	19,562	10,191
2016	200,081	41,256	69,183	27,169	38,987	502	22,984	11,214
2017	225,200	55,974	72,481	29,386	43,530	500	23,329	11,780
2018	231,488	57,667	77,751	29,060	43,506	500	23,002	12,645

<sup>(A)</sup> All amounts are reported on the modified accrual basis

<sup>(B)</sup> Includes miscellaneous tax revenues and special assessments.

<sup>(C)</sup> Hotel/Motel receipts are reported in BCCA Financial Statements and included here as a memo item. City of Bellevue collects the tax on behalf of the BCCA. A portion of the receipts are passed directly through to the BCCA and a portion of funds are used towards BCCA bond repayment.

City of Bellevue, Washington

Table 7

**TAXABLE SALES BY CATEGORY<sup>(A)</sup>**  
 Last Ten Fiscal Years  
 (in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 <sup>(B)</sup>
Contracting	\$872,463	\$603,334	\$569,506	\$537,336	\$695,970	\$981,629	\$1,363,843	\$1,439,618	\$1,579,775	\$1,119,764
Manufacturing	70,537	77,831	73,089	62,910	66,172	74,024	76,751	82,192	94,236	91,386
Transportation, communications, and utilities	201,248	211,877	227,732	237,651	261,264	281,680	322,087	313,202	345,163	265,574
Finance, insurance, and real estate	149,680	130,987	129,894	141,318	148,445	145,878	187,217	261,724	202,781	145,364
Wholesale trade	360,308	302,105	301,079	317,937	336,048	345,609	393,174	340,796	357,548	309,257
Retail - building materials	106,555	101,484	98,429	103,783	114,651	122,930	132,481	134,739	133,530	98,022
Retail - general merchandise	189,052	196,797	197,946	201,437	217,414	216,008	202,926	176,441	188,332	141,552
Retail - food	76,879	82,700	80,515	91,170	96,819	98,556	100,303	95,884	99,667	76,024
Retail - automotive	720,411	756,742	783,644	865,344	937,893	1,002,045	1,059,875	1,147,166	1,252,278	1,043,495
Retail - apparel	384,063	405,998	447,179	486,211	496,795	482,848	502,078	507,741	511,368	372,251
Retail - furniture and accessories	381,491	350,641	325,897	380,545	312,593	336,678	349,400	392,609	409,314	313,363
Retail - restaurants	317,213	347,268	378,827	410,862	427,739	449,249	481,320	515,601	552,794	443,883
Retail - miscellaneous	368,757	395,200	417,755	447,389	463,937	497,860	530,147	561,930	584,338	454,135
Services - hotels	116,518	153,772	171,489	186,571	199,665	218,118	247,476	270,072	286,425	238,358
Services - business	301,306	328,008	360,918	339,930	395,436	479,356	480,886	611,070	682,897	539,253
Services - other	245,211	246,900	252,608	262,115	267,384	270,096	282,981	301,751	308,410	242,890
All other categories	2,064	1,245	1,004	1,414	1,170	1,162	1,084	1,220	988	766
<b>Total sales</b>	<b>\$4,863,756</b>	<b>\$4,692,889</b>	<b>\$4,817,512</b>	<b>\$5,073,923</b>	<b>\$5,439,394</b>	<b>\$6,003,725</b>	<b>\$6,714,030</b>	<b>\$7,153,756</b>	<b>\$7,589,845</b>	<b>\$5,895,335</b>

<sup>(A)</sup> The city is prohibited by law from reporting individual sales tax payers

<sup>(B)</sup> 4th quarter 2018 data not available at the time of printing

Source: Washington State Department of Revenue Quarterly Business Review reports

**SALES TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS**

Last Ten Fiscal Years

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Local Rate:										
City of Bellevue	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%
King County	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%
Optional tax - City of Bellevue <sup>(A)</sup>	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%
Transit - King County (METRO)	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%
King County Mental Health	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%
Criminal Justice tax (0.10% total) <sup>(B)</sup>										
10% Directly to King County	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%
90% shared based on population										
City of Bellevue (estimate)	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%
King County (estimate)	0.084%	0.084%	0.084%	0.084%	0.084%	0.084%	0.084%	0.084%	0.084%	0.084%
Total Criminal Justice tax	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%
Sound Transit (RTA) <sup>(C)(D)</sup>	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	1.400%	1.400%
Total Local Rate	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.500%	3.500%
City of Bellevue share										
Regular rate	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%	0.425%
Optional rate	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%
Criminal justice (estimate)	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%
Total City of Bellevue portion	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%
King County portion	2.069%	2.069%	2.069%	2.069%	2.069%	2.069%	2.069%	2.069%	2.569%	2.569%
State of Washington	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%
Total Sales tax rate	9.500%	9.500%	9.500%	9.500%	9.500%	9.500%	9.500%	9.500%	10.000%	10.000%



**SALES TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS**  
Last Ten Fiscal Years

- (A) Under Bellevue City Code 4.12.025 and RCW 82.14.030, the city may, at the discretion of the City Council, impose an additional sales tax up to 0.5 percent. The city collects the maximum amount allowed of this tax.
- (B) Criminal Justice tax is 0.01 percent of the gross sale. Ten percent of this is paid directly to King County, and the remaining 90 percent is shared between cities within the county. King County retains the portion for unincorporated areas within the county, in 2018, the city's estimated population was 142,400 and the County's population was 2,190,200. Bellevue represented 6.5 percent of the total population of King county and as such would receive 0.006 percent of this tax
- (C) Effective April 1, 2009, Sound Transit increased portion of sales tax by five-tenths of one percent.
- (D) Effective April 1, 2017 the regional transit authority (RTA) portion of the combined retail sales tax rate in King, Pierce, and Snohomish Counties in Washington increased five-tenths of one percent (0.5%) for a total RTA rate of one and four-tenths of one percent (1.4%). This tax increase was approved by voters with the passage of Proposition 1 which will expand and coordinate light-rail, commute-rail, and express bus service, and improve access to transit facilities in King, Pierce, and Snohomish Counties.

Sources:

- 1) King County/Bellevue Population Data - Washington State Office of Financial Management
- 2) Tax rates - Washington State Department of Revenue and Bellevue City Code

Table 9

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY<sup>(A)</sup>**  
 Last Ten Fiscal Years  
 (in thousands, except tax rate)

Fiscal Year	Assessed and Estimated Actual Value					Grand Total	Total Direct Tax Rate
	Real Property	Personal Property	State Public Service Property	Exemptions	Omits <sup>(B)</sup>		
2009	\$35,848,337	\$ 1,172,683	\$ 697,455	\$ 137,238	\$ -	\$37,581,237	\$ 0.94
2010	32,224,417	1,209,975	668,110	157,291	-	33,945,211	1.06
2011	30,291,931	1,220,536	672,827	176,038	-	32,009,256	1.13
2012	29,171,374	1,193,494	659,024	113,809	-	30,910,083	1.20
2013	30,866,059	1,324,322	609,300	122,721	-	32,676,960	1.18
2014	34,292,361	1,275,456	579,835	116,663	-	36,030,989	1.07
2015	39,536,877	1,165,860	734,283	110,666	5,452	41,320,902	0.98
2016	42,830,040	1,095,002	621,096	111,493	-	44,434,645	0.94
2017	47,695,767	1,219,490	583,806	128,759	-	49,370,305	1.14
2018	54,621,525	1,241,081	624,729	138,047	-	56,349,288	1.03

<sup>(A)</sup> Real, personal, and state public service property have been assessed at 100 percent of the estimated value.

<sup>(B)</sup> Value of originally omitted taxes owed, found within three years, and placed on the tax roll for the particular tax year

Note: These figures represent Bellevue's total taxable assessed valuations as of December 31 for the last ten years. Included in these figures are all final tax adjustments, omits, and senior citizen exempted property. Breakout of residential/commercial real property and motor vehicle/other personal property valuations are not available.

Source: King County Assessor

**PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS  
PER ONE THOUSAND OF ASSESSED VALUATION  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>City of Bellevue</u>	<u>School District</u>	<u>King County</u>	<u>Washington State</u>	<u>Port of Seattle</u>	<u>Other</u>	<u>Total</u>
2009	\$ 0.94	\$ 1.87	\$ 1.10	\$ 1.96	\$ 0.27	\$ 0.76	\$ 6.90
2010	1.06	2.22	1.28	2.22	0.22	0.89	7.89
2011	1.13	2.73	1.34	2.28	0.22	0.99	8.69
2012	1.20	3.00	1.42	2.42	0.23	0.98	9.24
2013	1.18	3.25	1.54	2.57	0.23	1.01	9.77
2014	1.07	3.19	1.52	2.47	0.22	1.05	9.52
2015	0.98	3.13	1.35	2.29	0.19	0.93	8.87
2016	0.94	3.14	1.48	2.17	0.17	0.88	8.78
2017	1.14	2.93	1.38	2.03	0.15	1.09	8.72
2018	1.03	2.80	1.33	2.92	0.14	0.97	9.19

Note: These figures represent property tax levies and rates for Bellevue District 1 (levy code 330), which is considered to be an average Bellevue taxing district. Some areas within the city may have a different tax rate depending on the boundaries of other taxing jurisdictions.

Source: King County Assessor

Table 11

**PRINCIPAL PROPERTY TAXPAYERS**

Current year and nine years ago

Rank	Taxpayer	Type of Business	2018		Rank	2009	
			2018 Assessed Valuation (in millions)	Percentage of Total Assessed Valuation <sup>(A)</sup>		2009 Assessed Valuation (in millions)	Percentage of Total Assessed Valuation <sup>(A)</sup>
1	Kemper Development (Bellevue Square)	Land Management	\$ 812	1.45%	3	\$ 357	1.05%
2	Microsoft	Computer Software	800	1.43%	(B)	-	0.00%
3	Essex Property Trust (formerly Essex Portfolio LP)	Property management	543	0.97%	9	125	0.37%
4	Kilroy Realty (formerly Three Bellevue Center LLC)	Property management	530	0.95%	7	148	0.44%
5	LS2 Office LLC	Real Estate	387	0.69%	(B)	-	0.00%
6	Puget Sound Energy-Elec/Gas	Utility Services	377	0.68%	6	224	0.66%
7	FSP-City Center Plaza LLC	Property management	371	0.66%	(B)	-	0.00%
8	Hines Global Reit Summit HO	Property management	311	0.56%	(B)	-	0.00%
9	Newport Corporate Center	Property management	302	0.54%	(B)	-	0.00%
10	Bellevue Place	Property management	287	0.51%	5	254	0.75%
(B)	KBS Strategic Opportunity (W2007 Seattle; formerly Archon Group LP)	Real Estate Investment	(B)	-	1	473	1.39%
(B)	The Boeing Company	Aerospace	(B)	-	2	427	1.26%
(B)	City Center Bellevue Development	Property management	(B)	-	4	336	0.99%
(B)	BRE Properties	Property management	(B)	-	8	138	0.41%
(B)	Sterling Realty Org	Property management	(B)	-	10	124	0.36%
			<u>\$ 4,721</u>	8.45%		<u>\$ 2,606</u>	7.66%

<sup>(A)</sup> 2018 assessed valuation for 2019 tax collection. Total 2018 assessed valuation, in millions, is \$55,863. Total 2009 assessed valuation, in millions, was \$34,019

<sup>(B)</sup> Taxpayer was not a principal taxpayer in this period.

Source: King County Assessor

Table 12

**PROPERTY TAX LEVIES AND COLLECTIONS**

Last Ten Fiscal Years

(in thousands)

<u>Fiscal Year</u>	<u>Total Tax Levy</u> <sup>(A)</sup>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collected in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage</u>		<u>Amount</u>	<u>Percentage</u>
2009	\$ 35,129	\$ 34,664	98.7%	\$ 465	\$ 35,129	100.0%
2010	36,030	35,561	98.7%	469	36,030	100.0%
2011	36,480	36,078	98.9%	399	36,477	100.0%
2012	36,928	36,530	98.9%	393	36,923	100.0%
2013	38,327	37,888	98.9%	457	38,346	100.0%
2014	38,589	38,183	98.9%	409	38,592	100.0%
2015	39,832	39,393	98.9%	444	39,836	100.0%
2016	41,426	40,958	98.9%	450	41,409	100.0%
2017	56,024	55,647	99.3%	338	55,985	99.9%
2018	57,900	57,400	99.1%	-	57,400	99.1%

<sup>(A)</sup> The total tax levy is the certified tax levy adopted by City ordinance.

Note: The amounts presented on this table include omits and levy changes, in addition to collections.

Source: Other data has been derived from the Annual Tax Receivable Summary prepared by the King County Finance Department.

Table 13

**RATIO OF OUTSTANDING DEBT BY TYPE**  
 Last Ten Fiscal Years  
 (in thousands, except per capita)

Fiscal Year	Governmental Activities					Business-Type Activities				Total primary government	Percentage of personal income <sup>(B)</sup>	Per capita
	General obligation bonds	Special assessments	Conditional purchase contracts	PWTF loans	Line of credit	General obligation bonds	Revenue bonds	PWTF loans				
2009	\$ 137,792	\$ 1,275	\$ -	\$ 638	\$ 12,047	\$ 3,350	\$ 1,080	\$ 278	\$ 156,460	2.27%	\$ 1,294	
2010	147,316	795	1,100	638	15,047	3,068	-	159	168,123	2.47%	1,374	
2011	143,970	100	450	598	15,047	2,751	-	103	163,019	2.26%	1,321	
2012	151,598	55	-	558	15,047	2,481	-	66	169,805	2.14%	1,363	
2013	227,496	10	-	518	-	2,168	-	29	230,221	2.78%	1,743	
2014	220,204	-	-	478	-	1,760	-	-	222,442	2.19%	1,655	
2015	310,670	-	-	438	-	1,363	-	-	312,471	3.19%	2,089	
2016	301,894	-	-	398	-	965	-	-	303,257	2.82%	2,175	
2017	290,768	-	-	358	-	477	-	-	291,603	2.49%	2,175	
2018	280,299	-	-	319	-	-	-	-	280,618	N/A <sup>(A)</sup>	1,971	

<sup>(A)</sup> Personal Income data not available at time of printing.

<sup>(B)</sup> See Demographic Statistics, Table 18: Demographic Statistics, for personal income and population data.

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Source: City of Bellevue Community Development Department

Table 14

**RATIO OF GENERAL BONDED DEBT OUTSTANDING**

Last Ten Fiscal Years

(in thousands, except per capita)

<b>Fiscal Year</b>	<b>GO Bonds</b>	<b>Less Debt Service Funds</b>	<b>Net Bonded Debt</b>	<b>Percentage of estimated actual taxable value of property<sup>(A)</sup></b>	<b>Net Bonded Debt per Capita<sup>(B)</sup></b>
2009	\$ 137,792	\$ 3,370	\$ 134,422	0.36%	\$ 1,112
2010	147,316	2,172	145,144	0.43%	1,186
2011	143,970	1,976	141,994	0.44%	1,151
2012	151,598	2,462	149,136	0.48%	1,197
2013	227,496	2,138	225,358	0.69%	1,706
2014	220,204	3,018	217,186	0.60%	1,616
2015	312,034	1,839	310,195	0.68%	2,073
2016	302,860	1,575	301,285	0.68%	2,161
2017	291,245	288	290,957	0.59%	2,068
2018	280,299	103	280,196	0.50%	1,968

<sup>(A)</sup> See Table 9: Assessed and Estimated Actual Value of Taxable Property for property value statistics

<sup>(B)</sup> See Table 18: Demographic Statistics for population statistics

Table 15

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**As of December 31, 2018**  
(in thousands)

Jurisdiction	Net Outstanding Debt	Percentage Applicable to Bellevue <sup>(A)</sup>	Amount Applicable to Bellevue
City of Bellevue	\$ 280,299	100.00%	\$ 280,299
King County	642,245	10.57%	67,885
School District #405	750,324	81.26%	609,713
School District #414	655,776	1.04%	6,820
School District #403	236,507	2.84%	6,717
School District #411	646,141	12.54%	81,026
Port of Seattle	362,390	10.57%	38,305
Hospital District #2	184,303	0.04%	74
Rural Library District	77,576	18.64%	14,460
Fire District #10	<u>3,460</u>	7.08%	<u>245</u>
Total other jurisdictions	3,558,722	23.19%	825,245
Total Direct and Overlapping Debt	<u>\$ 3,839,021</u>	28.80%	<u>\$ 1,105,544</u>

<sup>(A)</sup> Determined by ratio of 2018 assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in reporting unit.

Note: Total general obligation bonds outstanding on December 31, 2018 exclusive of refunded bonds.

Source: King County Department of Finance



**LEGAL DEBT MARGIN INFORMATION**  
Last Ten Fiscal Years  
(in thousands)

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Debt Limit	\$2,821,998	\$2,551,417	\$2,405,906	\$2,323,305	\$2,450,772	\$2,450,772	\$3,099,068	\$3,332,598	\$3,702,773	\$4,226,197
Total net debt applicable to limit	168,529	187,526	196,897	190,186	187,585	217,512	292,461	312,743	299,875	287,670
Legal debt margin	<u>\$2,653,469</u>	<u>\$2,363,891</u>	<u>\$2,209,009</u>	<u>\$2,133,119</u>	<u>\$2,263,187</u>	<u>\$2,233,260</u>	<u>\$2,806,607</u>	<u>\$3,019,855</u>	<u>\$3,402,898</u>	<u>\$3,938,527</u>
Total net debt applicable to the limit as a percentage of debt limit	5.97%	7.35%	8.18%	8.19%	7.65%	8.88%	9.44%	9.38%	8.10%	6.81%

**LEGAL DEBT MARGIN INFORMATION**  
**December 31, 2018**  
(in thousands)

<b>Description</b>	<b>Councilmanic Debt (Non-Voted)</b>	<b>Voted Debt</b>	<b>General Purpose Indebtedness <sup>(A)</sup></b>	<b>Excess Levy Open Space and Park</b>	<b>Excess Levy Utility Purposes</b>	<b>Total Debt Capacity</b>
Assessed Value	\$ 56,349,288	\$ 56,349,288	\$ 56,349,288	\$ 56,349,288	\$ 56,349,288	\$ 56,349,288
Statutory debt limit percentages:	1.50%	1.00%	2.50%	2.50%	2.50%	7.50%
Statutory Debt limit	<u>\$ 845,239</u>	<u>\$ 563,493</u>	<u>\$ 1,408,732</u>	<u>\$ 1,408,732</u>	<u>\$ 1,408,732</u>	<u>\$ 4,226,197</u>
Debt applicable to limit						
Bonds outstanding	\$ 280,299	\$ -	\$ 280,299	\$ -	\$ -	\$ 280,299
Capital Lease BCCA - 1991	672	-	672	-	-	672
Capital Lease BCCA - 1994	7,042	-	7,042	-	-	7,042
Less:						
Cash on hand for debt redemption <sup>(B)</sup>	343	-	343	-	-	343
Total Net Debt applicable to limit	<u>287,670</u>	<u>-</u>	<u>287,670</u>	<u>-</u>	<u>-</u>	<u>287,670</u>
Remaining Debt Capacity	<u>\$ 557,569</u>	<u>\$ 563,493</u>	<u>\$ 1,121,062</u>	<u>\$ 1,408,732</u>	<u>\$ 1,408,732</u>	<u>\$ 3,938,527</u>

<sup>(A)</sup> The principal portion of the Bellevue Convention Center Authority's (BCCA) capital lease is included in the city's debt calculation because the BCCA qualifies as a component unit under Section 2100 of the GASB Codification.

<sup>(B)</sup> Includes year-end balances available in the I&D Redemption Fund designated for future redemption of the associated bonds less bond interest payments.

Source: King County Assessor: This figure represents the city's final assessed valuation for 2017 which will be used to determine the 2018 property tax levy.

Table 17

**PLEDGED REVENUE COVERAGE**  
Last Ten Fiscal Years  
(in thousands)

Fiscal Year	Revenue Bonds								Special Assessment Bonds				
	Gross Revenue <sup>(A)</sup>	Expenses <sup>(B)</sup>	Net revenue available for debt service	Debt Service Requirements			Coverage <sup>(C)</sup>	Special Assessment Collections	Debt Service			Coverage	
				Principal	Interest	Total			Principal	Interest	Total		
2009	\$ 95,930	\$ 68,602	\$ 27,328	\$ 3,403	\$ 7,016	\$ 10,419	2.62	\$ 645	\$ 401	\$ 85	\$ 486	1.33	
2010	102,010	73,342	28,668	1,361	1,550	2,911	9.85	475	403	58	461	1.03	
2011	6,776	-	6,776	1,550	7,660	9,210	0.74	425	35	8	43	9.88	
2012	7,469	-	7,469	1,585	8,040	9,625	0.78	412	45	8	53	7.77	
2013	9,176	-	9,176	1,150	3,920	5,070	1.81	445	45	6	51	8.73	
2014	8,975	-	8,975	1,197	4,483	5,680	1.58	351	-	3	3	117.00	
2015	10,191	-	10,191	1,005	4,020	5,025	2.03	47	-	-	-	N/A	
2016	11,214	-	11,214	1,246	5,354	6,600	1.70	-	-	-	-	N/A	
2017	11,780	-	11,780	1,227	5,817	7,044	1.67	-	-	-	-	N/A	
2018	12,645	-	12,645	1,204	6,321	7,525	1.68	-	-	-	-	N/A	

<sup>(A)</sup> Gross revenues as defined in applicable bond indentures for the Water and Sewer Utility Funds, excluding 2009 gain on sale of assets.

<sup>(B)</sup> Total expenses excluding depreciation, amortization, bond interest, utility taxes and the 2009 loss on disposal of fixed assets.

<sup>(C)</sup> Average annual requirements over the remaining life of current outstanding revenue bond issues.

Note: Revenue bond information for fiscal years 2010 – 2018 represent amounts for the discretely presented component unit, Bellevue Convention Center Authority. Figures for revenue bonds for years 2009 have been restated to exclude general obligation debt. There are no expenses for 2018 as the entire revenues collected are pledged to BCCA. Hotel/motel tax revenues from the Hotel/Motel Tax Fund are included as Gross Revenues. In addition, we excluded revenues generated by BCCA, as they are not pledged to debt coverage, and included hotel/motel tax revenues from the Hotel/Motel Tax Fund.

Table 18

**DEMOGRAPHIC STATISTICS**  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Population</b>	<b>Per Capita Personal Income</b>	<b>Personal Income</b>	<b>Median Age</b>	<b>Number of Households</b>	<b>Public School Enrollment</b>	<b>Number of Jobs<sup>(A)</sup></b>	<b>Unemployment Rate</b>	<b>CPI-U%</b>
2009	120,872	\$ 55,512	\$ 6,709,846	38	49,805	17,311	130,930	6.7%	0.6%
2010	122,363	56,098	6,864,320	38	50,355	17,783	130,249	7.4%	0.3%
2011	123,400	59,371	7,326,381	38	50,933	18,048	133,846	6.6%	2.7%
2012	124,600	66,043	8,228,958	38	51,493	18,351	138,904	5.6%	2.5%
2013	132,100	66,692	8,810,013	38	54,422	18,515	136,084	4.3%	1.2%
2014	134,400	72,696	9,770,342	39	55,644	19,097	148,788	4.1%	1.8%
2015	135,000	76,226	10,290,510	37	55,922	19,613	150,579	4.0%	1.4%
2016	139,400	79,323	11,057,626	39	58,058	19,974	146,115	3.6%	2.2%
2017	140,700	83,383	11,731,988	37	58,293	20,262	147,647	3.4%	3.0%
2018	142,400	(B)	(B)	(B)	58,939	20,272	(B)	(B)	3.2%

<sup>(A)</sup> The methodology used in estimating jobs data was revised in December, 2017; however, the data presented in this table remains as previously reported.

<sup>(B)</sup> Data not available at time of publication

Sources:

- 1) Population and number of households provided by Washington State's Office of Financial Management. Note, estimates from 2009 were revised to match OFM's intercensal estimates.
- 2) Per Capita Personal Income data was provided by US Bureau of Economic Analysis. Estimates are for King County, in which Bellevue is located. Bellevue data was not available.
- 3) Personal Income was calculated from Per Capita Personal Income and Population estimates and is presented in thousands.
- 4) Median Age was provided by the U.S. Census Bureau's annual American Community Surveys and the 2010 Census.
- 5) Public School Enrollment was provided by the Bellevue School District.
- 6) Number of Jobs was provided by the Puget Sound Regional Council.
- 7) Unemployment Rate was provided by the Bureau of Labor Statistics. Please note previous years may reflect revised inputs, reestimation, and/or adjustment to new state control totals.
- 8) CPI-U was provided by the Bureau of Labor Statistics and is for Seattle-Tacoma-Bremerton Metropolitan Area.

Table 19

**PRINCIPAL EMPLOYERS**  
Current Year and Nine Years Ago

Employer	Type of Business	2018			2009		
		Rank	Number of Employees <sup>(A)</sup>	Percentage of Total City Employment <sup>(B)</sup>	Rank	Number of Employees <sup>(A)</sup>	Percentage of Total City Employment <sup>(B)</sup>
Microsoft Corporation	Technology	1	6,300	4.20%	1	5,800	4.33%
T-Mobile USA	Cellular Telephones	2	5,100	3.40%	2	4,000	2.99%
Expedia Inc.	Online Travel	3	3,900	2.60%	7	1,500	1.12%
Bellevue School District	Education K-12	4	3,300	2.20%	5	2,000	1.49%
Overlake Hospital Medical Center	Medical Hospital	5	2,500	1.67%	4	2,500	1.87%
Bellevue College	Higher Education	6	2,000	1.33%	9	1,500	1.12%
Boeing	Aviation	7	1,800	1.20%	3	3,000	2.24%
City of Bellevue	Government	8	1,500	1.00%	6	1,660	1.24%
Concur	Online Travel	9	1,300	0.87%	(C)	-	0.00%
Symetra Financial	Financial Services	10	1,000	0.67%	(C)	-	0.00%
Verizon Wireless	Cellular Telephones	(C)	-	0.00%	8	1,500	1.12%
Safeway	Grocery Distribution	(C)	-	0.00%	10	860	0.64%
			<u>28,700</u>	<u>19.15%</u>		<u>24,320</u>	<u>18.15%</u>

(A) Number of employees provided by the City of Bellevue Community Development Department. Note, estimates are rounded to the nearest 100.

(B) Percentages of total employment were based on a projection of total employment. Actual estimates of total employment citywide will not be released until June of next year. The Puget Sound Regional Council's estimate of total employment in March of the following year was used to calculate the percentage of total employment represented by major employers nine years ago.

(C) Employer was not a principal employer in this period.

Note: Total estimated numbers of employees at the end of 2018 was 148,850. Total estimated numbers of employees at the end of 2009 was 134,000.

Source: City of Bellevue Community Development Department

Table 20

**FULL- TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Function:</b>										
General government	403	384	358	337	351	352	382	386	389	405
Public Safety										
Police										
Officers	180	181	180	178	180	180	180	186	184	184
Civilians <sup>(A)</sup>	97	42	35	35	35	35	41	41	41	41
Fire										
Firefighters and officers	218	216	212	216	216	220	214	216	216	213
Civilians	30	33	31	29	27	25	28	28	28	28
Transportation	117	117	115	112	116	117	122	129	140	142
Culture and recreation	163	166	164	162	162	162	165	165	166	165
Water	63	66	66	66	66	66	69	69	71	71
Sewer	42	46	46	47	49	49	51	52	52	53
Storm Drainage	45	48	49	49	48	48	47	48	50	50
<b>Total</b>	<u>1,358</u>	<u>1,299</u>	<u>1,256</u>	<u>1,231</u>	<u>1,250</u>	<u>1,252</u>	<u>1,299</u>	<u>1,321</u>	<u>1,338</u>	<u>1,355</u>

<sup>(A)</sup> Police Civilian FTEs decreased in 2010 due to the move of dispatch position to the NORCOM agency.

Source: City of Bellevue Budget Office

**Table 21**  
Page 1 of 3

**OPERATING INDICATORS BY FUNCTION**  
Last Ten Fiscal Years

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Function:</b>										
Public safety/judicial:										
Police:										
Offenses:										
Rape	25	10	23	26	20	25	25	15	24	25
Robbery	61	59	58	67	48	65	64	63	59	87
Homicide	2	-	2	2	1	2	2	-	-	-
Assault	545	538	553	517	491	438	489	479	519	609
Auto theft	179	207	157	169	249	314	221	323	331	386
Burglary	621	657	607	685	688	631	732	636	570	524
Larceny	3,150	2,905	2,775	2,649	3,013	3,662	3,484	3,615	3,568	3,602
Citations:										
Traffic	22,914	20,959	18,084	15,809	18,089	16,447	11,428	13,021	11,872	8,239
Criminal	2,473	2,266	2,577	2,695	2,052	1,752	1,587	1,827	2,302	2,618
Judicial system:										
Handled by district court	25,387	23,225	20,661	18,504	20,141	18,199	13,015	14,848	14,174	10,857
Fire:										
First response:										
Buildings	120	96	86	117	135	170	162	198	192	178
Non-Buildings	259	184	157	197	224	228	340	251	325	288
Service	462	340	350	293	436	519	598	840	1,252	1,706
False alarm	1,502	1,438	1,342	1,320	1,429	1,584	1,507	1,548	1,702	1,536
Other	984	860	838	832	928	995	1,006	981	1,033	1,004
Medic 1 Responses:										
First aid	13,794	13,571	13,469	13,851	13,796	14,244	14,606	14,951	15,319	15,307
Runs per week	265	261	259	266	265	274	281	288	295	294

**OPERATING INDICATORS BY FUNCTION**  
Last Ten Fiscal Years

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Function:</b>										
Transportation:										
Area of roadway repaired (sq ft)	16,626	13,510	28,999	48,929	34,518	50,406	39,073	29,192	30,407	20,951
Miles of streets swept	2,385	4,410	3,962	3,601	2,892	5,182	5,696	4,856	3,373	4,812
Area of sidewalk repaired (sq ft)	5,299	3,153	6,374	9,283	14,664	16,070	23,643	22,235	1,550	4,596
Physical/economic environment:										
Building permits issued	10,984	11,506	11,261	12,380	14,239	14,263	14,470	15,185	14,999	15,084
Estimated value (in millions)	274	209	168	377	560	715	950	793	718	942
Culture and recreation:										
Number of rounds of golf played	79,610	73,902	70,368	62,143	71,335	66,182	81,039	77,270	71,105	77,682
Water utility:										
Water consumption (CCF in thousands)	6,908	6,277	6,349	6,652	6,623	6,776	7,068	6,854	6,829	6,759
Number of customers:										
Residential	34,599	34,667	34,723	34,797	34,879	35,004	35,086	35,150	34,301	34,352
Multi-residential	647	650	661	662	661	663	680	666	660	688
Commercial	1,855	1,808	2,087	2,091	2,071	2,076	2,070	2,064	2,062	2,048
Total number of customers	37,101	37,125	37,471	37,471	37,611	37,743	37,836	37,880	37,023	37,088
Water consumption peak in a day (millions of gallons)	37	29	27	29	29	31	32	33	29	31
Water consumption peak in a month (millions of gallons)	876	737	750	761	792	792	881	912	783	808



**OPERATING INDICATORS BY FUNCTION**  
Last Ten Fiscal Years

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Function:</b>										
Sewer utility: <sup>(A)</sup>										
Sewer consumption (CCF in thousands)	5,322	4,603	5,404	5,400	5,382	5,386	5,634	5,418	5,389	5,725
Number of customers:										
Residential	33,195	34,596	33,320	34,696	34,723	34,780	34,833	34,775	32,580	32,557
Multi-residential	641	648	652	654	653	654	656	657	650	676
Commercial	<u>1,719</u>	<u>1,710</u>	<u>1,709</u>	<u>1,734</u>	<u>1,713</u>	<u>1,705</u>	<u>1,700</u>	<u>1,682</u>	<u>1,667</u>	<u>1,663</u>
Total number of customers	35,555	36,954	35,681	37,084	37,089	37,139	37,189	37,114	34,897	34,896
Storm and surface water utility: <sup>(A)</sup>										
Number of customers:										
Residential	28,158	28,196	28,266	30,309	30,392	30,497	30,529	30,579	30,612	30,623
Multi-residential	526	546	530	546	544	545	547	549	549	557
Commercial	<u>1,949</u>	<u>1,939</u>	<u>1,939</u>	<u>1,960</u>	<u>1,951</u>	<u>1,931</u>	<u>1,929</u>	<u>1,923</u>	<u>1,901</u>	<u>1,899</u>
Total number of customers	30,633	30,681	30,735	32,815	32,887	32,973	33,005	33,051	33,062	33,079

<sup>(A)</sup> 2017 totals declined due to South Cove area being annexed by Issaquah

Note: No operating indicators are available for general government and marina.

Sources: City of Bellevue Departments - Development Services, Fire, Parks and Community Services, Police, Transportation, and Utilities

**CAPITAL ASSETS BY FUNCTION**  
Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Function:</b>										
Public Safety:										
Police										
Traffic/patrol units	72	73	75	73	73	70	68	67	67	72
Fire										
Fire stations	9	9	9	9	9	9	9	9	9	9
Fire apparatus	22	22	22	22	20	20	20	20	20	20
Fire aid units	18	16	16	15	15	15	15	15	14	14
Transportation:										
Paved streets (miles)	390	390	390	412	414	414	416	416	416	416
Sidewalks (miles)	329	329	336	337	341	346	352	358	366	359
Traffic signals	182	183	184	186	187	193	198	200	202	202
City of Bellevue streetlights	3,232	2,900	3,048	3,106	3,113	3,170	3,192	3,237	3,306	3,312
Puget Sound Energy streetlights	5,102	5,146	5,385	5,610	5,639	5,656	5,835	5,899	5,914	5,951
Culture and Recreation/Marina:										
Parks acreage	2,696	2,707	2,707	2,721	2,721	2,727	2,732	2,732	2,732	2,700
Parks	77	77	77	77	77	77	77	77	77	78
Maintained trails (miles)	80	80	92	92	92	93	93	93	98	98
Play areas	45	45	46	46	46	46	46	46	46	47
Tennis courts/centers	39	39	38	38	38	38	38	38	38	38
Sports fields	32	32	34	34	34	34	35	35	35	30
Sports courts	27	27	27	27	27	27	27	27	27	26
Swimming beaches/pools	7	7	7	7	7	7	7	7	7	7
Visitor/interpretive centers	4	4	4	4	4	4	4	4	4	4
Community centers/recreation facilities	5	5	5	5	5	5	5	5	5	7
Golf courses	2	2	2	2	2	2	2	2	2	2
Marinas/boat launches	2	2	2	2	2	2	2	2	2	2

**CAPITAL ASSETS BY FUNCTION**  
Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Function:</b>										
Water Utility:										
Water mains (miles)	620	616	618	617	619	619	619	620	611	605
Vehicles	41	41	32	34	35	36	40	45	44	45
Sewer Utility:										
Sanitary sewers (miles)	523	525	525	525	526	526	525	525	516	516
Vehicles	41	41	29	27	28	29	36	40	37	35
Storm and surface water Utility:										
Vehicles	28	28	24	25	26	27	29	30	29	31

Note: No capital asset indicators are available for the general government, judicial, economic environment or physical environment functions.

Sources: City of Bellevue Departments - Finance and Asset Management, Parks and Community Services, Transportation, and Utilities