



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
DECEMBER 31, 2014**

City of Bellevue, Washington





City of Bellevue, Washington

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2014



Prepared by the Accounting Division, Finance Department



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
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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, 2013

A handwritten signature in black ink, reading "Jeffrey R. Emer".

Executive Director/CEO

**Certificate of Achievement
for Excellence in
Financial Reporting**

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, 2013.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.



July 24, 2015

**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, 2014, 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 Bellevue'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 MD&A and should be read in conjunction with it.

Profile of the Government

The City of Bellevue is a non-charter code city, operating under Section 35A of the Revised Code of Washington (RCW). The city has a Council-City Manager form of government with a seven-member City Council elected by the voters of the 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 Council elects the Mayor and Deputy Mayor from within its ranks. The Council appoints the City Manager as the city's chief executive officer responsible for carrying out the policies and direction set by the 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 maintenance/rental fund and provides sewer, water, and storm and surface water services. Certain public safety, utility, information technology, and equipment rental services are also provided on a fee basis to other governmental agencies and neighboring taxing districts. Conversely, other government agencies provide the City of Bellevue with jail and court services through interlocal agreements. Bellevue residents receive library services from the King County Library System.

Incorporated in 1953, Bellevue is the 5th largest of 281 cities in the State of Washington. It is located on the east shore of Lake Washington. The city encompasses 31.97 square miles, and is linked to established transportation corridors. It is 11 miles from Seattle and 40 miles from Tacoma with the mountains of the Cascades to the east, and Mount Rainier to the south. Bellevue is approximately three hours north of Portland, Oregon, and two hours south of Vancouver, Canada.

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 48,000 square foot convention center and trade show facility, a 410-seat theater, and 434-car 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 approximately 134,400 a 1.7 percent increase over 2013. The population is expected to grow at an average annual rate of 0.8 percent through 2020, excluding any future annexations.

Bellevue contains a diversified mix of industries, including department stores, financial institutions, technology firms, automobile dealerships, and engineering firms. Bellevue is the headquarters for several businesses, including Puget Sound Energy, a large regional electric and gas utility; PACCAR, a manufacturer of trucks; Symetra a financial services company; and Expedia, a leader in online travel.

The Great Recession officially ended over five years ago and the economy has finally regained lost ground in several economic indicators. This is especially true for the local economy and Bellevue specifically, with home prices and employment reaching their former peaks. The economic recovery was restrained by geopolitical and domestic issues, such as instability in other geographic locations and government shutdowns domestically. These issues weighed heavily on the recovery but small, consistent economic gains were realized.

In 2014, the unemployment rate in Bellevue decreased from 4.3 percent to 4.1 percent with the development of approximately 1,200 jobs in Bellevue (Source: BLS.gov). The city has been able to add jobs at a rate greater than the nation due to its ability to attract business looking to expand their operations. Bellevue's office vacancy rate has also been dropping steadily since the bottom of the recession. As of the end of 2014 the vacancy rate for class A office space was 9 percent, one of the lowest in the region (source: CB Richard Ellis). The low office vacancy rate has spurred plans for office tower projects, three of which are currently under permit review.

The City of Bellevue's revenue for 2014 ended the year six-tenth of a percent, or \$1,181,000, greater than budget, with an increase over 2013 of 4.5 percent. Property taxes were within 1 percent of budget, while sales tax was over budget by 8 percent due to an increase in development activity. Business and occupation tax was 17 percent over budget due to a large one-time audit. Utility tax was below budget by 6 percent due in part to a reduction in electric usage and a shift in the cellular billing structure that reduces the taxable amount. Bellevue is projecting a 3.0 to 3.3 percent growth in taxes from 2015 through 2020.

The city prepares six-year financial operational forecasts for the General Fund, Parks Fees Fund, Development Services Fund, Storm and Surface Fund, Water Fund, and Sewer Fund to ensure that the economic outlook is incorporated into the City of Bellevue's financial planning.

Long-Term Financial Planning

In developing the city's Biennial Budget, the organization follows a number of guiding principles. Foremost is the Council's long-term policy that "quality service programs will be offered by the City of Bellevue. If expenditure reductions are necessary, service elimination is preferable to poor or marginal quality programs."

Other guiding principles and Comprehensive Financial Policy updates include:

- a focus on services that deliver Outcomes important to the community;
- an examination of the entire budget, not just incremental changes from the last budget;
- a commitment to innovation and efficiency;
- the use of an evidence-based approach to determine how to achieve Outcomes;
- the use of city-wide priorities rather than department specific; and
- a long-range strategic approach to reset the budget to affordable and sustainable levels to our community

The city uses its six-year operation forecasts and 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 November 2011, the City Council signed a Memorandum of Understanding (MOU) with Sound Transit detailing city contributions for a downtown Bellevue light rail tunnel and design modifications to 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. Construction is forecasted to begin in 2015, and service is expected to start by 2023. On April 20, 2015, City Council approved an amended MOU that made significant changes.

The city's upfront share of the downtown tunnel, as noted in the amended MOU, would remain approximately \$100 million in credits towards the cost of the tunnel. An additional amount, up to \$60 million, originally included as part of a contribution, dependent upon the final costs of the downtown tunnel, was eliminated. The amended MOU also includes other impacts to the city's share of costs, property transfers, and future revenues, all of which are detailed in the accompanying notes to the financial statements. As a result of the MOU, the city and the transit agency are now partners in a collaborative design process intended to reduce contingent costs, comply with codes and regulations, and finish the project on time.

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 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: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the evaluation of the relative costs and benefits of the control system requires estimates and judgments by management.

Budgetary Controls

The City of Bellevue maintains budgetary controls in accordance with the 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. Activities of the General Fund and all special revenue funds except the Operating Grants/Donations and Housing Funds (project-length type funds) are included in the biennially appropriated operating budget. Project-length financial plans are adopted for the remaining special revenue funds, proprietary funds, and capital projects funds.

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

State law requires an annual audit of all city's financial records and transactions by the State Auditor, an independent elected State official. The 2014 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 2014. 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, 2013. The city has earned this prestigious award for 34 out of 38 CAFR submissions. This was the 30th 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 generally accepted accounting principles and applicable legal requirements.

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

The GFOA has also awarded the Distinguished Budget Presentation Award to the City of Bellevue Washington for its 2013-2014 biennial budget document for the 19th 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 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, Accounting Manager, Abigail Richardson, Senior Financial Analyst, Michael Chandler, Senior Financial Analyst, July Maha, Senior Financial Analyst, and Peter Jenson, Financial Analyst who served as the main CAFR preparers and coordinators. Further appreciation is extended to the City Council and City Management for their encouragement, interest, and support in conducting the financial operations of the City in a sound and progressive manner. The professional assistance of auditors from the State Auditor's Office is also worthy of mention.

Respectfully submitted,



Jan Hawn
Finance Director

**City Officials and Administrative Staff
As of December 31, 2014**

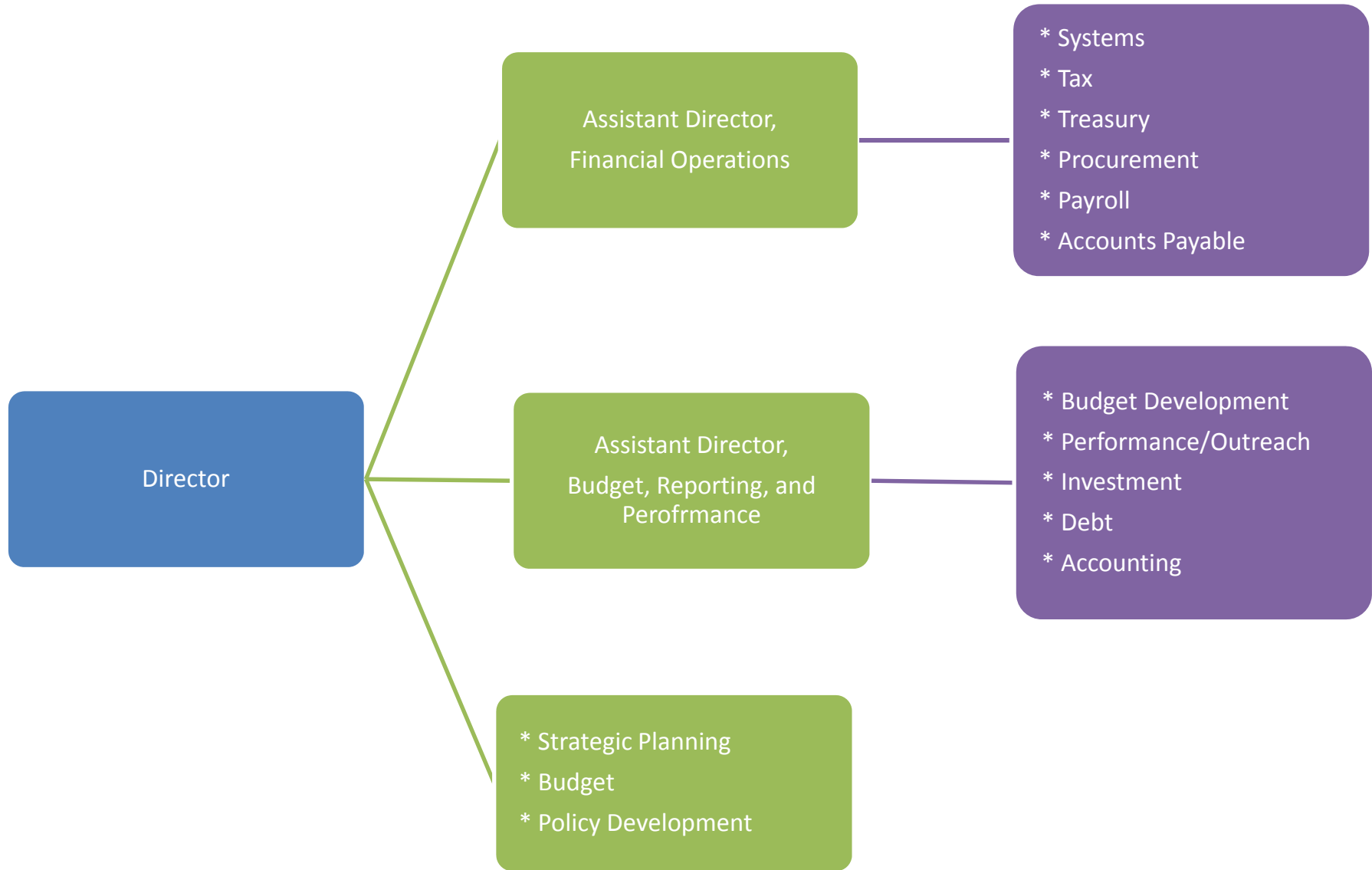
ELECTED CITY COUNCIL

Mayor	Claudia Balducci
Deputy Mayor	Kevin Wallace
Council	John Chelminiak Conrad Lee Jennifer Robertson Lynne Robinson John Stokes

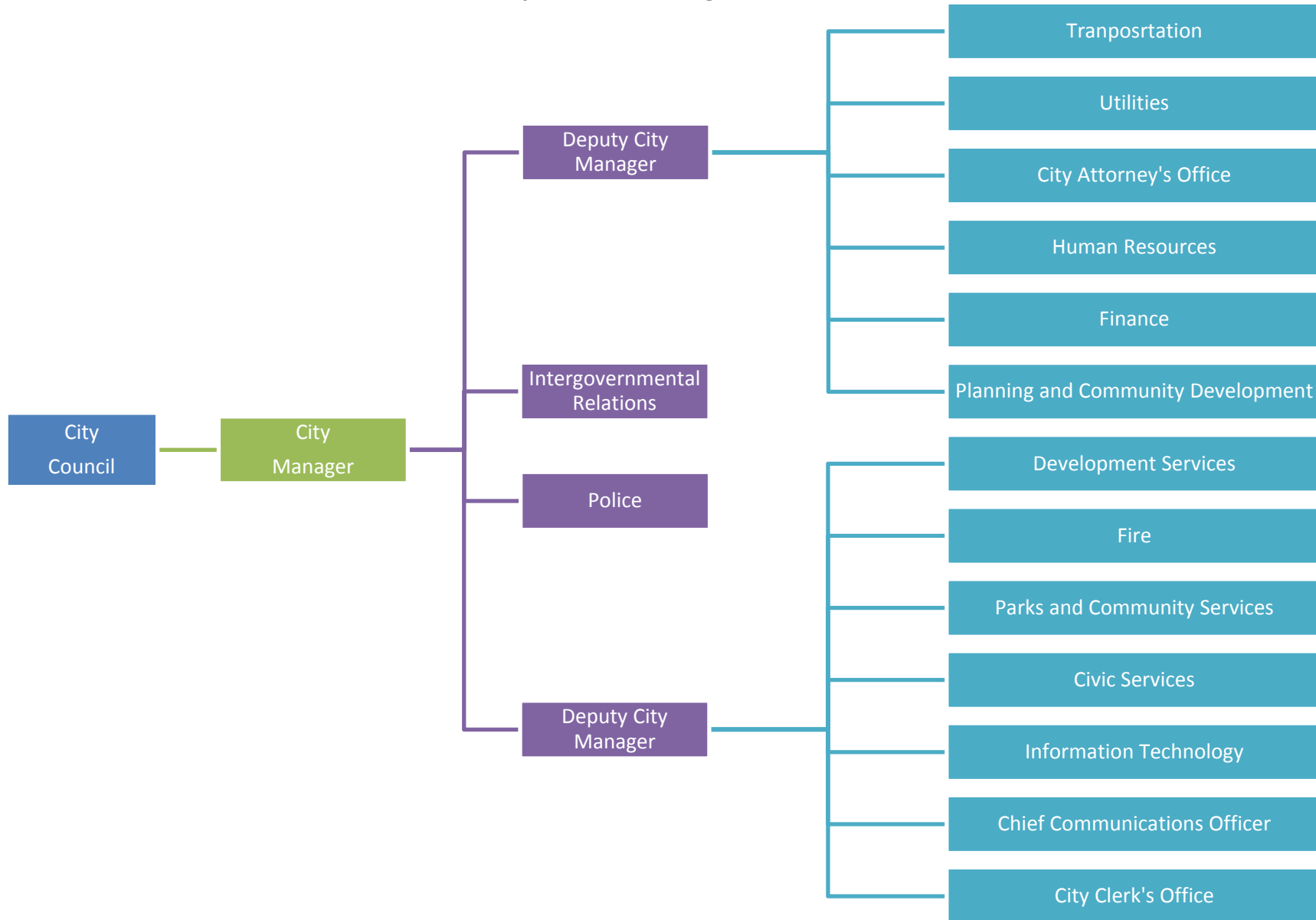
APPOINTED ADMINISTRATIVE STAFF

City Manager	Brad Miyake
Deputy City Manager	Mary Kate Berens
Director of Intergovernmental Relations	Joyce Nichols
Assistant City Manager for City Council and Administrative Support/City Clerk	Myrna Basich
City Attorney	Lori Riordan
Civic Services	Nora Johnson
Development Services	Mike Brennan
Finance Director	Jan Hawn
Fire Chief	Mark Risen
Human Resources Director	Kerri Sievers
Chief Information Officer, Information Technology	Toni Cramer
Parks & Community Services Director	Patrick Foran
Planning & Community Development Director	Chris Salomone
Police Chief (Interim)	Jim Montgomery
Transportation Director	David Berg
Utilities Director	Nav Otal

Finance Department Organization Chart



City Hierarchical Organization Chart







FINANCIAL SECTION





Washington State Auditor

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

July 24, 2015

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, each major fund and the aggregate discretely presented component units and remaining fund information of the City of Bellevue, King County, Washington, as of and for the year ended December 31, 2014, 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, each major fund and the aggregate discretely presented component units and remaining fund information of the City of Bellevue, King County, Washington, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As described in Note 1, during the year ended December 31, 2014, the City has implemented the Governmental Accounting Standards Board *Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 10, pension trust fund information on pages 76 through 78, information on postemployment benefits other than pensions on page 79, infrastructure modified approach information on page 80 and budgetary comparison information on pages 81 through 86, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements and supplementary information on pages 89 through 115 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other

additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated July 24, 2015, 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 blue ink that reads "Jan M. Jutte". The signature is written in a cursive style with a large initial "J" and "M".

JAN M. JUTTE, CPA, CGFM

ACTING STATE AUDITOR

OLYMPIA, WA



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, 2014. 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 and the city's financial statements and accompanying notes following the narrative.

Financial Highlights

The City of Bellevue and Sound Transit are in the final design stages of the East Link light rail system connecting downtown Seattle and downtown Bellevue, set to be completed in 2023. Transportation construction projects related to the light rail, including right of way acquisition were underway in 2014. Several parks facilities projects were near completion in 2014 and will be open for use in the spring and summer of 2015.

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: 1) government-wide financial statements; 2) fund financial statements; and 3) 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 similar to 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 that are principally supported by taxes and revenues from other agencies from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities of the city include general government, public safety, physical and economic environment, transportation, mental/physical health, and culture and recreation. The city's business-type activities 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

These statements focus on major governmental funds and proprietary funds separately. The city's major governmental funds are presented in their own column 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 and include net position, revenues, expenses, and changes in fund net position and cash flows.

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, other governments, or other funds. 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 agency funds. The accounting for the pension fund is on the accrual basis. Agency 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) concerning the city's progress in maintaining its transportation infrastructure accounted for using the modified approach, the Schedule of Changes in the City's Net Pension Liability and Related Ratio, Schedule of Contributions for the Firefighters' Pension Fund, the Schedule of Investment Returns for the Firefighters' Pension, the funding progress for the Other Post Employments Benefits, and the Schedule of Contributions from the Employer and Other Contributing Entities for the Other Post Employments Benefits. Also included as required supplementary information are the Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual for annually budgeted the general fund and major special revenue funds.

Combining Statements

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

Statistical Section

This section includes unaudited trend information and demographics.

Government-Wide Financial Analysis

Net position of the city as of December 31, 2014 and December 31, 2013, is summarized in the following table:

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
	(in thousands)					
Current and other assets	\$ 166,847	\$ 187,913	\$227,505	\$ 177,268	\$ 394,352	\$ 365,182
Capital assets, net	1,745,500	1,699,874	291,267	279,833	2,036,768	1,979,707
Total assets	1,912,347	1,887,787	518,772	457,102	2,431,120	2,344,888
Deferred outflows	10,883	11,300	27	34	10,910	11,334
Total deferred outflows	10,883	11,300	27	34	10,910	11,334
Total assets and deferred outflows	1,923,231	1,899,087	518,799	457,136	2,442,030	2,356,222
Long-term liabilities	259,528	265,729	2,911	3,444	262,439	269,173
Other liabilities	24,798	26,437	3,200	3,898	27,998	30,335
Total liabilities	284,326	292,166	6,111	7,342	290,437	299,509
Deferred inflows	305	8	-	-	305	8
Total deferred inflows	305	8	-	-	305	8
Total liabilities & deferred inflows	284,631	292,175	6,111	7,342	290,742	299,517
Net investment in capital assets	1,546,380	1,563,631	289,506	277,669	1,835,886	1,841,300
Restricted	47,503	18,054	529	494	48,032	18,548
Unrestricted	44,716	25,227	222,653	171,630	267,369	196,857
Total net position	\$1,638,599	\$ 1,606,912	\$512,688	\$ 449,793	\$2,151,287	\$ 2,056,705

Governmental Activities

Total net position for the city increased by \$94.6 million, of which \$31.7 million was related to governmental activities. Of total governmental activities net position, \$26.3 million is restricted for CIP projects, \$6.4 million is restricted for parks, recreation and open spaces, \$2.6 million is restricted for debt service, \$5.4 million for grants and donation, \$3.1 million for affordable housing projects, and the remaining restricted covers a variety of purposes. Unrestricted net position of \$44.8 million is available to meet ongoing obligations to citizens and creditors. Factors contributing to the changes in net position include:

- Cash and equity in pooled investments decreased \$31.0 million. The city had several significant capital projects underway or completed in 2014.
- The city experienced an increase in accounts receivable of \$2.8 million, mainly due to private donations receivable for the construction of the Bellevue Botanical Garden Visitor Center, Bellevue Youth Theatre, and the Boys & Girls Club facility at Hidden Valley Park.
- Transportation grants receivable increased \$3.1 million for East Link light rail construction.
- Community Development Block Grant home repair program loans receivable rose \$0.9 million.
- Capital assets, net of accumulated depreciation, increased \$45.6 million. Several major projects completed in 2014. The city had a significant amount of construction projects underway, many of them related to East Link.
- The decrease in long-term liabilities of \$6.2 million is the result of debt service, the most significant is General Obligation bonds issued for capital projects funding.
- Other liabilities decreased \$1.6 million, mainly due to normal fluctuations in accounts payable activity.

Business-Type Activities

Business-type activities of the city's utilities and marina increased the City of Bellevue's net position by \$62.9 million in 2014. Of total net position, \$0.5 million is restricted for Marina debt and utility customer deposits, and \$169.5 million of the \$223 million in unrestricted net position is reserved by city policy for future infrastructure replacement. Contributing factors of the increase in net position were:

- Business-type current and other assets increased \$50.2 million. Operating cash and equity in pooled investments and accounts receivable both decreased \$1.4 million, while cash and equity in pooled investments increased by \$26.3 million. The purpose of the increases in cash and equity in pooled investments is to fund the repair and replacement of infrastructure in accordance with the utilities 75 year replacement plan. These reserve collections allocate the costs to current customers and to reduce reliance on debt.
- The city is a member of the Cascade Water Alliance which provides water supply to member organizations. The joint venture equity interest at the end of 2014 was \$25.7 million.
- Business-type capital activities increased by \$11.4 million, of which \$19.9 million is attributable to construction in progress and completed projects related to system rehabilitation and water main replacement, tempered by depreciation of \$8.5 million for the current year.

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	
	2014	2013	2014	2013	2014	2013
Revenues:	(in thousands)					
Program revenues:						
Charges for services	\$ 54,388	\$ 45,426	\$126,571	\$ 119,134	\$ 180,959	\$ 164,561
Operating grants & contributions	7,585	7,851	-	-	7,585	7,851
Capital grants & contributions	13,373	5,136	7,619	5,141	20,992	10,277
General revenues:						
Property taxes	38,379	38,302	-	-	38,379	38,302
Sales taxes	59,278	53,072	-	-	59,278	53,072
Other taxes	85,876	78,598	-	-	85,876	78,598
Investment interest	962	884	1,213	924	2,174	1,807
Miscellaneous	2,634	1,236	13,163	648	15,797	1,883
Total revenues	262,475	230,505	148,566	125,846	411,041	356,351
Expenses:						
General government	31,948	28,354	-	-	31,948	28,354
Public safety	85,734	84,074	-	-	85,734	84,074
Physical environment	2,249	2,892	-	-	2,249	2,892
Transportation	30,925	29,147	-	-	30,925	29,147
Economic environment	23,336	20,768	-	-	23,336	20,768
Health and human services	7,596	7,414	-	-	7,596	7,414
Culture and recreation	39,776	39,448	-	-	39,776	39,448
Unallocated interest on long-	8,978	8,691	-	-	8,978	8,691
Water	-	-	46,886	41,218	46,886	41,218
Sewer	-	-	44,780	44,099	44,780	44,099
Storm & surface water	-	-	11,764	11,208	11,764	11,208
Marina	-	-	273	232	273	232
Total expenses	230,542	220,788	103,703	96,757	334,245	317,545
Excess (deficiency) before transfers	31,933	9,717	44,863	29,089	76,796	38,806
Transfers	(246)	(366)	246	366	-	-
Increase (decrease) in net position	31,687	9,351	45,109	29,455	76,796	38,807
Net position - beginning	1,606,912	1,597,561	449,793	420,338	2,056,705	2,017,899
Prior period adjustment	-	-	17,786	-	17,786	-
Net position - ending	\$1,638,599	\$ 1,606,912	\$512,688	\$ 449,793	\$2,151,288	\$2,056,706

Governmental Activities

Net position of the city increased \$94.6 million. Governmental activities net position increased \$31.7 million, Highlights of the change in governmental activities change in net position are:

- Charges for services increased \$9.0 million. The most significant increases were:
 - Transportation impact fee revenues of \$2.9 million due to several significant buildings being constructed downtown, such as the expansion of Lincoln Square.
 - Intergovernmental service agreements of \$1.5 million related to East Link light rail activities.

City of Bellevue, Washington

- Development services revenues increased \$4.7 million, also a result of the construction in downtown Bellevue.
- Taxes increased \$13.6 million, specific tax changes are as follows:
 - General Sales and Use taxes increased \$6.2 million.
 - Excise taxes increased \$2.6 million.
 - Utility taxes decreased \$1.3 million.
 - Business and occupations tax increased \$6.1 million, \$3.0 million was the result of a one-time collection.
- Capital grants and contributions increased by \$8.2 million. Federal Highway Administration grants represent \$7.2 million of the total amount and \$1.5 million came from private contributions for parks facilities and improvements.
- Governmental activities expenses increased \$9.8 million. Wage increases and related overhead costs accounted for a significant portion of the increase. The other major contributor was depreciation expense.
- The city released \$4.1 million representing the proceeds of the sale of the Old Convention Center Site to the Bellevue Convention Center Authority to finance costs of improvements to the Meydenbauer Convention Center and other matters related thereto.

Business-Type Activities

The City of Bellevue's net position for utilities and marina activities increased by \$62.9 million in 2014. Key elements of this increase are:

- Charges for services increased \$7.4 million mainly due to rate increases. A portion of these revenues fund current and future repair and replacement costs.
- Utility rate increases in 2014 were:
 - Water – 7.6%
 - Sewer – 4.0%
 - Storm & surface water – 8.1%
- Developer extensions accounted for the increase of \$2.5 million in capital contributions.
- The city purchases water from Cascade Water Alliance and sewer treatment from King County. The costs of those services are passed along to customers. As a result, Water Utility expenses increased \$1.4 million.

This city is a member of a joint venture to operate a water supply system. 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 change in joint venture equity interest was an \$3.6 million increase for 2014.

Financial Analysis of the Government's Funds

Governmental Funds

The governmental fund statements report on a near-term revenues/financial resources and expenditures basis. This information helps determine the city's financial requirements in the near future. In particular, unassigned fund balance is a good indicator of the city's resources available for spending at the end of the year. Restrictions on fund balance do not significantly affect the availability of fund resources for future use.

The General Fund ending fund balance of \$28.1 million is an increase of \$3.0 million from 2013. Revenues increased \$10.3 million, largely the result of taxes, intergovernmental fire services and other service fee revenue increases. Expenditures increased \$5.9 million mainly due to wage increases.

The Development Services Fund ending fund balance increased by \$2.4 million from 2013 ending at \$6.8 million. There has been a significant increase in development activities which has increased the review and inspection work required to meet demand.

The General Capital Investment Program Fund has an ending fund balance of \$26.3 million. This represents a decrease of \$30.2 million. There were several large transportation infrastructure and parks facilities projects underway or completed during 2014, which utilized bond proceeds.

Business-Type Funds

The proprietary fund statements report on an economic resources basis and provide essentially the same information as that presented in the government-wide statements; however, more detail is provided in the fund statements. The city reports both enterprise funds and internal service funds which support the operations of the government.

The Storm & Surface Water Utility unrestricted net position increased from 2013 by \$7.6 million to \$49.5 million in an effort to build reserves for future infrastructure replacement. The Water Utility’s operating revenue increases outpaced operating expenses resulting in an increase in unrestricted net position of \$34.3 million, mainly due to the equity interest in the Cascade Water Alliance joint venture of \$25.7 million. The Sewer Utility’s unrestricted net position increased \$9.2 million over 2013 largely due to increases in infrastructure replacement reserves.

Unrestricted net position in the Marina Fund decreased slightly from 2013 ending at \$0.3 million as a result of interest and principal payments of \$0.4 million.

Capital Asset Activity

The City of Bellevue’s investment in capital assets for the end of 2014 was \$2.0 billion, net of depreciation, which was an increase of \$57.1 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	
	2014	2013	2014	2013	2014	2013
	(in thousands)					
Land	\$ 788,978	\$ 761,045	\$ 24,985	\$ 24,959	\$ 813,963	\$ 786,004
Buildings	139,292	143,985	17,791	18,621	157,083	162,606
Improvements other than buildings	29,366	31,514	-	-	29,366	31,514
Machinery and equipment	15,654	17,108	3,902	3,425	19,556	20,533
Infrastructure	708,804	687,767	230,059	219,569	938,863	907,336
Intangible assets	2,351	3,436	52	60	2,403	3,496
Construction in progress	61,057	55,017	14,478	13,200	75,535	68,217
Total	<u>\$1,745,502</u>	<u>\$ 1,699,872</u>	<u>\$291,267</u>	<u>\$ 279,834</u>	<u>\$2,036,769</u>	<u>\$1,979,706</u>

Governmental Activities

Capital assets from governmental activities increased \$45.6 million. Key elements of this change are as follows:

- West Lake Sammamish Parkway Improvements
- ITS Master Plan (radar signs, system upgrades, etc.)
- 15th NE Multi Modal Corridor
- Sidewalk additions
- NE 8th/ Lake Washington Blvd
- Construction in progress additions, included several major projects:
 - NE 4th Street expansion
 - 120th Avenue NE improvements

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 utilized 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; 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

City of Bellevue, Washington

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 of the arterial roadways for 2014 increased from 78 to an overall performance rating of 79. The percentage of arterial roadways above a satisfactory rating for 2014 is 89 percent, which is an increase of 1 percent from the prior year. Residential roadways show an average condition and performance ratings remained constant from 2013. Of the total residential lane miles, 99 percent were rated above satisfactory. The city’s minimum acceptable condition levels have been defined as having at least 50 percent of arterial roadways, and 30 percent of residential roadways at or above satisfactory condition.

Business-type Activities

The Utility 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 \$11.4 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:

- Water main replacement activities \$4.3 million
- Coal Creek culvert and sediment pond improvements \$2.1 million
- Sewer Capacity Upgrades \$1.0 million
- Pump station improvements \$1.7 million
- Stream channel modifications and flood control programs \$1.0 million
- Commercial meter rehabilitation and replacement \$1.0 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 \$222.4 million in debt outstanding, which is a decrease of \$7.8 million. The outstanding debt is \$220.2 million and \$1.8 million for governmental activities and business-type activities, respectively. The proceeds of debt are used to fund capital projects.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(in thousands)					
General obligation bonds	\$ 220,203	\$ 227,496	\$ 1,760	\$ 2,169	\$ 221,963	\$ 229,665
Special assessment debt	-	10	-	-	-	10
Other long-term debt	478	518	-	30	478	547
Total	<u>\$ 220,681</u>	<u>\$ 228,024</u>	<u>\$ 1,760</u>	<u>\$ 2,198</u>	<u>\$ 222,442</u>	<u>\$ 230,223</u>

Governmental Activities

The city did not issue new debt in 2014. Of the debt outstanding at December 31, 2014, \$6.0 million is due within one year.

Business-type Activities

The Utility funds do not have outstanding debt and, in place of issuing new debt, are building reserves to pay for repair and replacement of infrastructure assets. Principal reductions for the Marina Fund amounted to \$0.4 million. Of the debt outstanding at December 31, 2014, \$0.4 million is due within one year.

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.

The city’s assessed valuation for 2014 was \$36 billion and the total amount of additional debt the city may issue is \$2.5 billion. Remaining debt capacity is categorized as follows (in thousands):

General debt	\$ 678,731
Open space/Parks facilities	900,775
Utilities	900,775
Total	<u>\$2,480,281</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 2014 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

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 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 following discussion is reflective only of the current year of the biennium.

The 2015-2016 budget was adopted in December 2014 by the City Council. The Operating and Capital Budgets retain current service levels of operations, maintaining the City’s infrastructure, and addresses community priorities. For 2015, City Council raised property tax to address critically needed capital infrastructure as well as to ensure it maintains its high quality of public safety. Despite increasing property tax three percent, Bellevue still has the lowest property tax rate of Washington Cities with more than 20,000 residents.

Highlights for the 2015-2016 budget; maintains City reserves, invests in technology to take advantage of efficiencies of a mobile workforce and provides power stretchers for emergency medical technicians mitigating risk of injuries. The City faces significant capital funding needs and the 2015-2016 budget maintain City facilities, as well as funding for the East Link/Sound Transit Memorandum of Understanding commitments.

As the city responds to the Great Recession economic environment, it continues to focus on providing the highest level of priority government programs, services, and capital investments. During the 2015-2016 budget process, the city employed the Budgeting for Outcomes methodology titled 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 Council as community-wide priorities include: (1) Safe Community, (2) Improved Mobility, (3) Innovative, Vibrant, and Caring Community, (4) Quality Neighborhoods, (5) Healthy and Sustainable Environment, (6) Responsive Government, and (7) Economic Growth and Competitiveness.

The budget provides adequate funding for police, fire, parks, and transportation services while seeking opportunities for efficiencies and cost savings in all departments. The budget continues to provide essential services for those

residents who are most in need and to the non-governmental organizations who partner with the city in social and health services, education, food assistance, and other support for those in the community.

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 Director at P.O. Box 90012, Bellevue, WA 98009.



BASIC FINANCIAL STATEMENTS

Statement of Net Position
As of December 31, 2014
(in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bellevue Convention Center Authority
Assets:				
Cash & equity in pooled investments	\$ 22,129	\$ 168,471	\$ 190,601	\$ 9,077
Receivables (net of allowances):				
Taxes	27,715	-	27,715	-
Accounts	5,137	17,137	22,274	326
Assessments	606	-	606	-
Interest	235	325	560	39
Due from other governments	3,426	-	3,426	991
Other	3	24	26	-
Internal balances	481	(481)	-	-
Inventory	766	638	1,404	498
Other current assets	391	-	391	147
Restricted cash & equity in pooled investments:				
For debt service	2,564	380	2,944	3,766
For capital projects	72,231	-	72,231	-
For other	25,420	149	25,569	844
Noncurrent assets:				
Joint venture equity interest	-	25,715	25,715	-
Net pension asset	2,594	-	2,594	-
Noncurrent receivables	3,148	15,147	18,295	-
Capital assets:				
Land	788,978	24,985	813,962	-
Depreciable capital assets (net)	186,663	21,746	208,408	26,097
Depreciable infrastructure (net)	26,606	230,059	256,665	-
Nondepreciable infrastructure	682,198	-	682,198	-
Construction in progress	61,057	14,478	75,534	1,037
Total assets	1,912,347	518,772	2,431,120	42,822
Deferred outflows of resources:				
Loss on debt refunding	10,883	27	10,910	-
Total deferred outflows	10,883	27	10,910	-
Total assets and deferred outflows	1,923,231	518,799	2,442,030	42,822

Statement of Net Position
As of December 31, 2014
(in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bellevue Convention Center Authority
Liabilities:				
Accounts payable	\$ 5,382	\$ 976	\$ 6,358	\$ 105
Accrued payroll	6,175	774	6,949	182
Other accrued liabilities	1,186	6	1,192	131
Unearned revenue	5,606	-	5,606	-
Other current liabilities	34	-	34	-
Accrued bond interest payable	770	11	781	44,807
Liabilities payable from restricted assets:				
Customer deposits	893	149	1,042	735
Accounts payable	4,592	1,051	5,643	-
Retainage payable	159	233	392	-
Noncurrent liabilities:				
Due within one year	12,262	725	12,987	1,042
Due in more than one year	247,266	2,186	249,452	11,448
Total liabilities	284,326	6,111	290,437	58,449
Deferred inflows of resources:				
Gain on debt refunding	-	-	-	11
Special assessments	305	-	305	-
Total deferred inflows	305	-	305	11
Total liabilities and deferred inflows	284,631	6,111	290,742	58,461
Net position:				
Net investment in capital assets	1,546,380	289,506	1,835,886	14,725
Restricted for:				
Debt service	2,638	380	3,018	2,496
Capital projects	26,308	-	26,308	550
Parks maintenance and operations	6,429	-	6,429	-
Convention center financing	154	-	154	-
Affordable housing projects	3,148	-	3,148	-
Other	8,826	149	8,975	-
Unrestricted	44,716	222,653	267,369	(33,409)
Total net position	\$ 1,638,599	\$ 512,688	\$ 2,151,287	\$ (15,638)

Statement of Activities
For the Year Ended December 31, 2014
(in thousands)

Functions/Programs	Program Revenues				Net Expense, Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	Bellevue Convention Center Authority
Primary government:								
Government activities:								
General government	\$ 31,948	\$ 3,686	\$ 794	\$ -	\$ (27,468)	\$ -	\$ (27,468)	\$ -
Public safety	85,734	16,553	2,409	-	(66,772)	-	(66,772)	-
Physical environment	2,249	735	326	9	(1,180)	-	(1,180)	-
Transportation	30,925	6,391	1,699	9,225	(13,610)	-	(13,610)	-
Economic environment	23,336	17,296	-	-	(6,040)	-	(6,040)	-
Health and human services	7,596	545	2,229	-	(4,822)	-	(4,822)	-
Culture and recreation	39,776	9,183	129	4,139	(26,325)	-	(26,325)	-
Interest on long-term debt	8,978	-	-	-	(8,978)	-	(8,978)	-
Total governmental activities	<u>230,542</u>	<u>54,388</u>	<u>7,585</u>	<u>13,373</u>	<u>(155,195)</u>	<u>-</u>	<u>(155,195)</u>	<u>-</u>
Business-type activities:								
Water utility	46,886	52,181	-	2,537	-	7,832	7,832	-
Sewer utility	44,780	53,359	-	2,994	-	11,573	11,573	-
Storm drainage utility	11,764	20,446	-	2,089	-	10,770	10,770	-
Marina	273	585	-	-	-	312	312	-
Total business-type activities	<u>103,703</u>	<u>126,571</u>	<u>-</u>	<u>7,619</u>	<u>-</u>	<u>30,487</u>	<u>30,487</u>	<u>-</u>
Total primary government	<u>\$ 334,245</u>	<u>\$ 180,959</u>	<u>\$ 7,585</u>	<u>\$ 20,992</u>	<u>\$ (155,195)</u>	<u>\$ 30,487</u>	<u>\$ (124,708)</u>	<u>\$ -</u>
Component units:								
Bellevue Convention Center Authority	14,477	16,113	-	4,097	-	-	-	5,733
Total component unit	<u>\$ 14,477</u>	<u>\$ 16,113</u>	<u>\$ -</u>	<u>\$ 4,097</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,732</u>

City of Bellevue, Washington

Statement of Activities
For the Year Ended December 31, 2014
(in thousands)

Page 2 of 2

	Net Expense, Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Total	Bellevue Convention Center Authority
General revenues and transfers:				
Property tax	\$ 38,379	\$ -	\$ 38,379	\$ -
Retail sales and use tax	59,278	-	59,278	-
Utility tax	26,790	-	26,790	-
Business and occupation tax	34,856	-	34,856	-
Excise taxes	14,665	-	14,665	-
Hotel/Motel tax	8,975	-	8,975	-
Other taxes	590	-	590	-
Payments from component unit	10	-	10	-
Grants & contributions - unrestricted	1,424	-	1,424	-
Unrestricted investment interest	962	1,213	2,174	29
Gain (loss) in change of fair value	417	11,947	12,364	-
Miscellaneous	721	979	1,701	-
Gain on sale of capital assets	61	236	298	-
Transfers	(246)	246	-	-
Total general revenues and transfers	186,882	14,622	201,504	29
Change in net position	31,687	45,109	76,796	5,760
Net position at beginning of year	1,606,912	449,793	2,056,705	(21,399)
Prior period adjustment	-	17,786	17,786	-
Net position at end of year	\$ 1,638,599	\$ 512,688	\$ 2,151,287	\$ (15,638)

Balance Sheet
Governmental Funds
As of December 31, 2014
(in thousands)

	General Fund	Development Services	General CIP	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash & equity in pooled investments	\$ 15,205	\$ 13,132	\$ 36,736	\$ 24,783	\$ 89,856
Receivables (net of allowances):					
Taxes	18,806	-	7,646	1,264	27,715
Accounts	3,148	2	1,530	408	5,088
Current assessments	-	-	-	593	593
Interest & penalties on assessments	-	-	-	13	13
Interest	29	25	71	49	174
Interfund loans receivable	-	-	-	9	9
Due from other funds	481	-	-	-	481
Due from other governments	-	-	3,107	324	3,431
Prepays	391	-	-	-	391
Housing rehabilitation loans receivable	-	-	-	3,148	3,148
Total assets	38,060	13,159	49,090	30,590	130,899
Liabilities:					
Accounts payable	3,846	31	4,592	120	8,589
Retainage payable	-	-	89	-	89
Interfund loans payable	-	-	-	9	9
Due to component unit	-	-	-	1,074	1,074
Due to other governments	38	-	-	-	38
Accrued payroll	4,983	501	3	48	5,536
Accrued taxes	72	-	-	-	72
Deposits payable	393	495	1	1	890
Other current liabilities	34	-	-	-	34
Unearned Revenue	236	5,370	-	-	5,606
Interfund loans payable - noncurrent	-	-	15,000	-	15,000
Total liabilities	9,603	6,397	19,684	1,253	36,937
Deferred inflows:					
Unavailable revenue	403	-	3,097	884	4,384
Total deferred inflows	403	-	3,097	884	4,384
Total liabilities and deferred inflows	10,006	6,397	22,782	2,137	41,322
Fund balance:					
Nonspendable	391	-	-	-	391
Restricted	-	602	26,308	15,370	42,279
Assigned	1,684	6,160	-	13,084	20,928
Unassigned	25,978	-	-	-	25,978
Total fund balance	28,053	6,762	26,308	28,454	89,577
Total liabilities, deferred inflows, and fund balance	\$ 38,060	\$ 13,159	\$ 49,090	\$ 30,590	\$ 130,899

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
As of December 31, 2014
(in thousands)**

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

Total governmental fund balances	\$	89,577
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Capital assets used in governmental activities are not financial resources and These assets consist of:

Land	788,978	
Construction in progress	61,057	
Non-depreciable infrastructure	682,198	
Buildings	215,900	
Improvements other than buildings	48,657	
Intangible assets	20,249	
Machinery and equipment - general government	3,975	
Depreciable infrastructure	151,955	
Accumulated depreciation	<u>(244,334)</u>	
Total capital assets		1,728,635

Due to other governments

Net pension asset		2,594
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Deferred outflow of resources for debt		10,883
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Material inventory		209
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Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds. These long-term liabilities consists of:

Bonds payable	(200,389)	
Notes payable	(19,815)	
Accrued bond interest payable	(478)	
Net pension asset	(770)	
Compensated absences	(9,946)	
OPEB obligation payable	(7,699)	
Pollution remediation liability	<u>(284)</u>	
Total long-term liabilities		(239,380)

Deferred inflow of resources:

For special assessments	(305)	
For unavailable revenues	<u>4,384</u>	
Total deferred inflows of resources		4,080

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.

Net position of governmental activities		<u>42,003</u>
	\$	<u><u>1,638,599</u></u>

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2014
(in thousands)

	General Fund	Development Services	General CIP	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes and special assessments	\$ 133,203	\$ 28	\$ 40,555	\$ 10,595	\$ 184,380
Licenses and permits	510	8,736	-	-	9,246
Intergovernmental	17,444	-	9,651	4,101	31,196
Service charges and fees	24,403	8,546	3,646	797	37,392
Fines and forfeitures	1,071	-	-	3	1,073
Interest and penalties	64	91	358	241	755
Net change in fair value of investments	45	19	208	82	354
Rent	5,218	-	30	-	5,249
Premiums/contributions	15	-	2,900	417	3,332
Other	245	3	204	391	843
Total revenues	182,218	17,423	57,552	16,627	273,821
Expenditures:					
Current:					
General government	20,485	54	278	11,559	32,376
Public safety	83,911	-	393	3,413	87,717
Physical environment	1,029	-	8	1,153	2,191
Transportation	27,377	-	7,269	33	34,678
Economic environment	4,441	18,324	492	27	23,283
Health and human services	6,735	-	-	1,129	7,864
Culture and recreation	32,790	-	4,743	230	37,762
Debt service:				-	
Principal	-	-	40	6,347	6,387
Interest and fiscal charges	1	-	109	9,421	9,532
Capital outlay:				-	
General government	-	-	393	179	572
Public safety	12	-	395	90	497
Physical environment	-	-	-	6	6
Transportation	5	-	42,654	-	42,659
Culture and recreation	-	-	16,879	-	16,879
Total expenditures	176,785	18,377	73,654	33,587	302,403
Excess (deficiency) of revenues over (under) expenditures	5,433	(954)	(16,102)	(16,960)	(28,582)
Other financing sources (uses):					
Transfers in	1,818	3,638	-	15,565	21,022
Transfers out	(4,257)	(288)	(14,111)	(1,585)	(20,241)
Sale of capital assets	26	-	-	-	26
Total other financing sources and uses	(2,413)	3,350	(14,111)	13,980	807
Net change in fund balance	3,020	2,396	(30,212)	(2,980)	(27,775)
Fund balance at beginning of year	25,034	4,366	56,520	31,433	117,352
Nonspendable	391	-	-	-	391
Restricted	-	602	26,308	15,370	42,279
Assigned	1,684	6,160	-	13,084	20,928
Unassigned	25,978	-	-	-	25,978
Fund balance at end of year	\$ 28,053	\$ 6,762	\$ 26,308	\$ 28,454	\$ 89,577

**Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
As of December 31, 2014
(in thousands)**

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

Net change in fund balances - total governmental funds \$ (27,775)

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	60,613	
Contributed capital	(446)	
Current year depreciation	<u>(13,308)</u>	
Total capital outlay expenditures		46,859

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	(496)	
Grants and contracts revenues	1,177	
Private contributions	<u>1,514</u>	
Total revenues		2,195

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 is the amount by which proceeds exceeded repayments.

This amount is comprised of:

Long-term debt repayments	<u>6,337</u>	
Total debt proceeds and repayments		6,337

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

Amortization of net OPEB obligation	(1,014)	
Special assessments	10	
Amortization of debt premiums on existing debt	554	
Accrued interest expense	15	
Pollution remediation obligation	104	
Accrued compensated absence expense	193	
Net pension asset	851	
Inventory adjustment	156	
Notes payable	<u>40</u>	
Total other long-term liabilities		909

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.

3,162

Change in net position of governmental activities \$ 31,687

Statement of Fund Net Position
Proprietary Funds
As of December 31, 2014
(in thousands)

Page 1 of 4

	<u>Storm & Surface Water Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>
Assets:			
Current assets:			
Cash & equity in pooled investments	\$ 47,219	\$ 57,037	\$ 64,175
Receivables (net of allowances):			
Accounts	3,246	4,801	9,087
Interest	87	114	122
Other	-	-	-
Notes/contracts	-	-	24
Due from other governments	-	-	-
Inventory	62	469	106
Restricted cash & equity in pooled investments:			
Revenue bonds	-	-	-
Customer deposits	2	121	25
Total current assets	<u>50,617</u>	<u>62,543</u>	<u>73,539</u>
Noncurrent assets:			
Notes/contracts receivable	-	4	143
Investment in joint venture	-	25,715	-
Interfund loans receivable	-	-	15,000
Capital Assets:			
Capital assets (net)	<u>78,900</u>	<u>124,074</u>	<u>78,550</u>
Total noncurrent assets	<u>78,900</u>	<u>149,793</u>	<u>93,694</u>
Total assets	<u>129,517</u>	<u>212,336</u>	<u>167,232</u>
Deferred outflow of resources:			
For debt	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred outflows	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows	<u>129,517</u>	<u>212,336</u>	<u>167,232</u>

Statement of Fund Net Position
Proprietary Funds
As of December 31, 2014
(in thousands)

Page 2 of 4

	Nonmajor Enterprise Fund - Marina	Total	Activities - Internal Service Funds
Assets:			
Current assets:			
Cash & equity in pooled investments	\$ 39	\$ 168,471	\$ 32,486
Receivables (net of allowances):			
Accounts	4	17,137	49
Interest	1	325	61
Other	-	-	3
Notes/contracts	-	24	-
Due from other governments	-	-	1
Inventory	-	638	557
Restricted cash & equity in pooled investments:			
Revenue bonds	380	380	-
Customer deposits	-	149	-
Total current assets	424	187,123	33,157
Noncurrent assets:			
Notes/contracts receivable	-	147	-
Investment in joint venture	-	25,715	-
Interfund loans receivable	-	15,000	-
Capital Assets:			
Capital assets (net)	9,743	291,267	16,862
Total noncurrent assets	9,743	332,129	16,862
Total assets	10,167	519,253	50,019
Deferred outflow of resources:			
For debt	27	27	-
Total deferred outflows	27	27	-
Total assets and deferred outflows	10,194	519,280	50,019

Statement of Fund Net Position
Proprietary Funds
As of December 31, 2014
(in thousands)

Page 3 of 4

	Storm & Surface Water Utility	Water Utility	Sewer Utility
Liabilities:			
Current liabilities:			
Accounts payable	167	707	50
Estimated claims	-	-	-
Due to other funds	55	259	167
Due to other governments	-	-	-
Accrued payroll	231	313	231
Accrued compensated absences	107	132	106
Revenue bonds payable	-	-	-
Liabilities payable from restricted assets:	-	-	-
Customer deposits	2	121	25
Accounts payable	323	544	185
Retainage payable	24	156	52
Total current liabilities	<u>908</u>	<u>2,232</u>	<u>816</u>
Noncurrent liabilities:			
Accrued bond interest payable	-	-	-
Accrued compensated absences	249	308	248
Estimated claims	-	-	-
Bonds payable (net)	-	-	-
Total noncurrent liabilities	<u>249</u>	<u>308</u>	<u>248</u>
Total liabilities	<u>1,157</u>	<u>2,540</u>	<u>1,063</u>
Net investment in capital assets	78,900	124,074	78,550
Restricted for:			
Customer deposits	2	121	25
Debt service	-	-	-
Unrestricted	49,457	85,601	87,593
Total net position	<u>\$ 128,360</u>	<u>\$ 209,796</u>	<u>\$ 166,169</u>

Statement of Fund Net Position
Proprietary Funds
As of December 31, 2014
(in thousands)

Page 4 of 4

	Nonmajor Enterprise Fund - Marina	Total	Activities - Internal Service Funds
Liabilities:			
Current liabilities:			
Accounts payable	53	976	1,385
Estimated claims	-	-	2,923
Due to other funds	-	481	-
Due to other governments	6	6	2
Accrued payroll	-	774	639
Accrued compensated absences	-	345	305
Revenue bonds payable	380	380	-
Liabilities payable from restricted assets:			
Customer deposits	-	149	3
Accounts payable	-	1,051	-
Retainage payable	-	233	71
Total current liabilities	439	4,395	5,328
Noncurrent liabilities:			
Accrued bond interest payable	11	11	-
Accrued compensated absences	-	805	712
Estimated claims	-	-	1,977
Bonds payable (net)	1,381	1,381	-
Total noncurrent liabilities	1,392	2,197	2,689
Total liabilities	1,831	6,591	8,017
Net investment in capital assets	7,982	289,506	16,792
Restricted for:			
Customer deposits	-	149	3
Debt service	380	380	-
Unrestricted	2	222,653	25,208
Total net position	\$ 8,364	\$ 512,688	\$ 42,003

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2014
(in thousands)

Page 1 of 2

	Storm & Surface Water Utility	Water Utility	Sewer Utility
Operating revenues:			
Intergovernmental	\$ -	\$ 610	\$ -
Service charges and fees	19,886	48,960	53,233
Rent	-	-	-
Insurance recovery	-	-	-
Premiums/contributions	-	-	-
Other	560	2,611	126
Total operating revenues	<u>20,446</u>	<u>52,181</u>	<u>53,359</u>
Operating expenses:			
Administrative and general	4,053	17,058	4,707
Maintenance and operations	5,876	26,076	37,119
Depreciation	1,836	3,735	2,971
Insurance costs	-	-	-
Benefits and claims payments	-	-	-
Total operating expenses	<u>11,764</u>	<u>46,869</u>	<u>44,797</u>
Operating income (loss)	8,682	5,312	8,562
Nonoperating revenues (expenses):			
Interest income	310	359	539
Net change in fair value of investments	87	11,652	207
Interest expense	-	-	-
Rental income	16	387	439
Gain on disposal of capital assets	20	171	45
Other nonoperating revenues	2	55	77
Total nonoperating revenue (expenses)	<u>434</u>	<u>12,625</u>	<u>1,309</u>
Income before contributions and transfers	9,116	17,937	9,871
Special items, contributions and transfers:			
Transfers in	146	120	169
Transfers out	(10)	(2)	(177)
Capital contributed from external sources	2,089	2,537	2,994
Total special items, contributions and transfers	<u>2,224</u>	<u>2,655</u>	<u>2,986</u>
Change in net position	11,340	20,592	12,857
Net position beginning of year	117,020	171,418	153,312
Prior period adjustment	-	17,786	-
Net position end of year	<u>\$ 128,360</u>	<u>\$ 209,796</u>	<u>\$ 166,169</u>

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2014
(in thousands)

Page 2 of 2

	Nonmajor Enterprise Fund - Marina	Total	Governmental Activities - Internal Service Funds
Operating revenues:			
Intergovernmental	\$ -	\$ 610	\$ -
Service charges and fees	-	122,079	23,092
Rent	585	585	6,199
Insurance recovery	-	-	2,924
Premiums/contributions	-	-	26,465
Other	-	3,297	118
Total operating revenues	585	126,571	58,799
Operating expenses:			
Administrative and general	-	25,818	7,486
Maintenance and operations	210	69,281	22,040
Depreciation	14	8,555	4,820
Insurance costs	-	-	3,195
Benefits and claims payments	-	-	17,876
Total operating expenses	224	103,654	55,418
Operating income (loss)	361	22,917	3,381
Nonoperating revenues (expenses):			
Interest income	4	1,213	208
Net change in fair value of investments	1	11,947	63
Interest expense	(49)	(49)	-
Rental income	-	843	-
Gain on disposal of capital assets	-	236	35
Other nonoperating revenues	2	137	54
Total nonoperating revenue (expenses)	(41)	14,327	361
Income before contributions and transfers	321	37,244	3,742
Special items, contributions and transfers:			
Transfers in	-	435	1,564
Transfers out	-	(189)	(2,591)
Capital contributed from external sources	-	7,619	446
Total special items, contributions and transfers	-	7,865	(580)
Change in net position	321	45,109	3,162
Net position beginning of year	8,043	449,793	38,841
Prior period adjustment	-	17,786	-
Net position end of year	\$ 8,364	\$ 512,688	\$ 42,003

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014
(in thousands)

Page 1 of 4

	Business-Type Activities -		
	Enterprise Funds		
	Storm & Surface Water Utility	Water Utility	Sewer Utility
Cash flows from operating activities:			
Cash received from customers and users	\$ 19,934	\$ 53,584	\$ 53,528
Contributions received - employer/employees	-	-	-
Cash payments to suppliers for goods and services	(4,228)	(36,806)	(37,420)
Cash payments to employees for services	(5,346)	(6,582)	(4,571)
Cash payments to claimants	-	-	-
Cash received from contracts/rent	-	-	-
Cash payments for insurance	-	-	-
Other receipts	-	-	-
Net cash provided by operating activities	<u>10,360</u>	<u>10,196</u>	<u>11,537</u>
Cash flows from noncapital financing activities:			
Transfers in	146	120	169
Transfers out	(10)	(2)	(177)
Cash received from non-operating revenues	104	527	724
Net cash provided (used) by noncapital financing activities	<u>240</u>	<u>645</u>	<u>716</u>
Cash flows from capital & related financing activities:			
Acquisition and construction of capital assets	(5,586)	(7,788)	(6,313)
Principal paid on revenue bonds and other debt	-	(30)	-
Interest paid on revenue bonds and other debt	-	-	-
Proceeds from sale of assets	20	197	1,197
Cash contributions in aid of construction	1,656	2,026	1,513
Contributed in aid of equity	431	510	-
Net cash used by capital financing activities	<u>(3,479)</u>	<u>(5,085)</u>	<u>(3,603)</u>
Cash flows from investing activities:			
Interest on investments	292	329	436
Interfund loan interest	-	-	107
Investment in joint venture	-	3,638	-
Net cash provided (used) by investing activities	<u>292</u>	<u>3,967</u>	<u>543</u>
Net increase (decrease) in cash balance	7,413	9,723	9,193
Cash & equity in pooled investments - beginning of year	39,808	47,435	55,007
Cash & equity in pooled investments - end of year	<u>\$ 47,221</u>	<u>\$ 57,158</u>	<u>\$ 64,200</u>
Cash & equity in pooled investments at end of year consist of:			
Unrestricted	47,219	57,037	64,175
Restricted	2	121	25
Total cash & equity in pooled investments	<u>\$ 47,221</u>	<u>\$ 57,158</u>	<u>\$ 64,200</u>

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014
(in thousands)

Page 2 of 4

	Business-Type Activities -		Governmental	
	Enterprise Funds			Activities -
	Nonmajor	Total		
Enterprise Fund -			Service Funds	
	Marina			
Cash flows from operating activities:				
Cash received from customers and users	\$ 585	\$ 127,631	\$ 23,496	
Contributions received - employer/employee	-	-	28,712	
Cash payments to suppliers for goods and services	(188)	(78,642)	(24,338)	
Cash payments to employees for services	-	(16,499)	(5,665)	
Cash payments to claimants	-	-	(17,479)	
Cash received from contracts/rent	-	-	6,528	
Cash payments for insurance	-	-	(3,196)	
Other receipts	-	-	118	
Net cash provided by operating activities	<u>397</u>	<u>32,490</u>	<u>8,176</u>	
Cash flows from noncapital financing activities:				
Transfers in	-	435	1,564	
Transfers out	-	(189)	(2,590)	
Cash received from non-operating revenues	3	1,358	80	
Net cash provided (used) by noncapital financing activities	<u>3</u>	<u>1,604</u>	<u>(946)</u>	
Cash flows from capital & related financing activities:				
Acquisition and construction of capital assets	-	(19,687)	(3,193)	
Principal paid on revenue bonds and other debt	(390)	(420)	-	
Interest paid on revenue bonds and other debt	(60)	(60)	-	
Proceeds from sale of assets	-	1,414	87	
Cash contributions in aid of construction	-	5,195	-	
Contributed in aid of equity	-	941	-	
Net cash used by capital financing activities	<u>(450)</u>	<u>(12,617)</u>	<u>(3,106)</u>	
Cash flows from investing activities:				
Interest on investments	4	1,061	235	
Interfund loan interest	-	107	-	
Interfund loan receipts	-	3,638	-	
Net cash provided (used) by investing activities	<u>4</u>	<u>4,806</u>	<u>235</u>	
Net increase (decrease) in cash balance	(46)	26,283	4,359	
Cash & equity in pooled investments - beginning of year	465	142,715	28,128	
Cash & equity in pooled investments - end of year	<u>\$ 419</u>	<u>\$ 168,998</u>	<u>\$ 32,487</u>	
Cash & equity in pooled investments at end of year consist of:				
Unrestricted	39	168,470	32,487	
Restricted	380	528	-	
Total cash & equity in pooled investments	<u>\$ 419</u>	<u>\$ 168,998</u>	<u>\$ 32,487</u>	

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014
(in thousands)

Page 3 of 4

	Business-Type Activities -		
	Enterprise Funds		
	Storm & Surface Water Utility	Water Utility	Sewer Utility
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 8,682	\$ 5,312	\$ 8,562
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	1,836	3,735	2,971
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(184)	1,403	169
(Increase) decrease in due from other funds	55	-	-
(Increase) decrease in other receivables	-	-	48
(Increase) decrease in inventory	(8)	(91)	(9)
Increase (decrease) in accounts payable	268	(530)	(404)
Increase (decrease) in retainage payable	22	117	23
Increase (decrease) in wages & benefits payable	46	27	1
Increase (decrease) in compensated absences	(29)	(65)	(2)
Increase (decrease) in due to other funds	-	259	167
Increase (decrease) in customer deposits	-	29	11
Increase (decrease) in estimated claims payable	-	-	-
Increase (decrease) in unearned revenue	(328)	-	-
Total adjustments	<u>1,678</u>	<u>4,884</u>	<u>2,975</u>
Net cash provided by operating activities	<u>\$ 10,360</u>	<u>\$ 10,196</u>	<u>\$ 11,537</u>
Noncash investing, capital and financing activities:			
Contributions of capital assets	\$ 431	\$ 510	\$ 327
Increase (decrease) in fair value of investments	(87)	(85)	207
Unrealized gain/(loss) on investment in joint venture	-	11,567	-

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014
(in thousands)

Page 4 of 4

	Business-Type Activities -		Governmental	
	Enterprise Funds			Activities -
	Nonmajor	Enterprise Fund -		
	Marina	Total	Service Funds	
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 361	\$ 22,917	\$ 3,381	
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	14	8,556	4,821	
Changes in assets and liabilities:			-	
(Increase) decrease in accounts receivable	-	1,388	(4)	
(Increase) decrease in due from other funds	-	55	-	
(Increase) decrease in other receivables	-	48	59	
(Increase) decrease in inventory	-	(108)	(534)	
Increase (decrease) in accounts payable	22	(644)	(85)	
Increase (decrease) in retainage payable	-	162	48	
Increase (decrease) in wages & benefits payable	-	74	65	
Increase (decrease) in compensated absences	-	(96)	28	
Increase (decrease) in due to other funds	-	426	-	
Increase (decrease) in customer deposits	-	40	-	
Increase (decrease) in estimated claims payable	-	-	397	
Increase (decrease) in unearned revenue	-	(328)	-	
Total adjustments	36	9,573	4,795	
Net cash provided by operating activities	<u>\$ 397</u>	<u>\$ 32,490</u>	<u>\$ 8,176</u>	
Noncash investing, capital and financing activities:				
Contributions of capital assets	\$ -	\$ 1,268	\$ -	
Increase (decrease) in fair value of investments	1	36	(163)	
Unrealized (gain)/loss on investment in joint venture	-	11,567	-	

Statement of Fund Net Position
Fiduciary Funds
As of December 31, 2014
(in thousands)

	Firemen's Pension	Agency Funds
Assets:		
Cash & equity in pooled investments:		
Federal Agency Coupon Securities	\$ 4,633	\$ 4,475
Federal Agency Disc. - Amortizing	292	282
Certificates of Deposit	557	538
Interest Bearing Bank Deposits	499	482
Municipal Bonds	295	285
Local Government Investment Pool	453	438
Interest receivable	13	12
Due from other governments	-	894
Capital assets (net)	-	103
Total assets	6,743	7,510
Liabilities:		
Accounts payable	-	155
Due to other governments	-	7,122
Deposits payable	-	233
Total liabilities	-	7,510
Net Position:		
Net position restricted for pensions	6,743	-
Total net position	\$ 6,743	\$ -

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2014
(in thousands)

	Firemen's Pension Fund
Additions:	
Investment income:	
Interest	\$ 48
Decrease in fair value	18
Other contributions:	
Contributions from nonemployers	208
Total additions	273
Deductions:	
Benefit payments	201
Administrative	11
Total deductions	212
Net increase in net position	61
Net position beginning of year	6,682
Net position end of year	\$ 6,743





**NOTES TO THE
BACIS FINANCIAL STATEMENTS**

Note 1: Summary of Significant Accounting Policies

The City of Bellevue was incorporated on April 1, 1953, under a Council-Manager form of government. The City Council is composed of seven members elected at large, each of whom serve a four-year term. The City Manager is appointed by the Council to act as the chief executive officer of the city and is responsible to the Council for proper administration of all city affairs. The city provides a full range of general government services, including public safety, streets, parks and recreation, planning and zoning, permits and inspection, general administration, and water, sewer, and storm water utilities.

The accounting and reporting policies of the city, which conform to generally accepted accounting principles for governments, are regulated by the Washington State Auditor's Office. The city's significant accounting policies are described below.

Reporting Entity

The city's Comprehensive Annual Financial Report (CAFR) presents the government and its component unit, for which the city is financially accountable. Financial accountability is defined as follows: A primary government has substantive authority to appoint a voting majority of a component unit's board; the primary government is either able to impose its will on a component unit or there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; and the component unit is fiscally dependent on the primary government.

There are no instances in which factors other than financial accountability are so significant in the relationship between a particular 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 serves at the will of the City Manager. 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 obligated for the debt service payments on the BCCA's revenue bonds. 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 BCCA, c/o Stacy Graven, Executive Director, 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 normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported 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 financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary funds. 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. Grants and similar items are recognized as revenue as soon as 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 they are 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 (B&O) tax, utility tax, franchise tax, grant reimbursements, and interest are associated with the current fiscal period are considered susceptible to accrual and 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. With the implementation of GASB Statement 54, special revenue funds not meeting the criteria of significant revenue inflows from restricted or committed sources are to be reported in the General Fund. Those funds previously reported as separate special revenue funds and now included in the General Fund are as follows: Land Purchase Revolving Fund, Cable Franchise Fund, and Parks Fees Fund.

The Development Services Fund is responsible for administering the Planning and Community Development building review and inspection process, land use and comprehensive planning, and code enforcement. Major revenues for the fund are permit fees, code compliance review and inspection charges.

The General Capital Investment Program 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, contributions, transportation impact fees and other revenue sources authorized by the City Council.

Major Proprietary Funds

The Storm and Surface Water Utility Fund accounts for the operations, capital improvement and debt service activities of the storm and surface water utility. The Water Utility Fund accounts for the operations, capital improvement and debt service activities of the water utility. The Sewer Utility Fund accounts for the operations, capital improvement and debt service activities of the sewer utility.

The proprietary fund statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with the funds' principal ongoing operations. The principal operating revenues of the city's utilities funds, marina fund, and internal service funds are charges to customers for sales and service, rentals, vehicle replacement, and insurance. The city also recognizes as operating revenue the portion of utility connection fees intended to recover the cost of connecting new customers to the water and sewer systems. Operating expenses for enterprise funds and internal service 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 expense. When both restricted and unrestricted resources are available for use, it is the city's policy to use restricted resources first, then unrestricted as they are needed.

Internal Service and Fiduciary 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 worker's compensation, unemployment compensation, health benefits, and general property and casualty losses.

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 technically have no measurement focus, but do employ the accrual basis of accounting for purposes of asset and liability recognition.

The Firemen's Pension Fund accounts for a single-employer defined benefit system established under state law to provide pension benefits for eligible fire fighters. Although this pension plan has subsequently been replaced by the State Law Enforcement Officers and Fire Fighters Pension System, fire fighters 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 and as needed, allocations from the city's annual property tax levy based on actuarial estimates.

Agency funds account for assets held by the city as an agent for joint, inter-governmental operations through inter-local agreements. Agency funds are custodial in nature (assets equal liabilities) 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 2012, the GASB issued Statement No. 67 *Financial Reporting for Pension Plans* and is effective for fiscal years beginning after June 15, 2013. This statement replaces the requirements of Statements No. 25 *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 25 and 50 remain applicable for all other pension plans. The Firemen's Pension plan meets the criteria set forth in Statement No. 67 and the city implemented this statement.

Budget and Basis of Accounting

In accordance with the Revised Code of Washington (RCW) 35A.34, the city budgets for all operating funds. These budgets are prepared in accordance with generally accepted accounting principles. 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 & Donation Fund and the Housing Fund; all internal service funds; and all utility operating funds.

The City Council also adopts appropriation ordinances for all other funds, including the Operating Grants & Donations and Housing funds, 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 (i.e., expenditures for a fund 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 to Actual presented in *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 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 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 & 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 31, investments in external 2a7-like pools, 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 pool shares.

Restricted Assets

Restricted assets shown in the government-wide Statement of Net Position and the proprietary funds 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 Statements 33 and 36.

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 99.6 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 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, which are recorded in a deferred inflow of resources account. 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 accounting basis, 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 Waterworks Utility customer billings outstanding at year-end, which include estimated revenues for services provided between the last billing date and year-end. Due to the

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 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 Finance Director may authorize loans between funds for periods not exceeding three months. Longer term loans must be specifically authorized by Council resolution. Interfund loan activity for 2014 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 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 used 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 and 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 where 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: 1) net investment in capital assets; 2) restricted; and 3) 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 54, are segregated under the following categories 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.

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.

Spendable amounts are further segregated into categories based on the degree to which the uses of resources are constrained. 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; with the exception of the Development Services Fund which uses assigned resources, followed by restricted.

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 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 no committed fund balances as these constraints are made in the budget ordinance which lapses at the end of the budget period. By definition, lapsing constraints are assigned rather than committed.

Assigned

Constraints that are neither restricted nor committed are considered assigned. Assignments are adopted by City Council through the budget ordinance. Special revenue funds typically report the majority of assigned fund balance and are created through ordinance by City Council. Fund balance in special revenue funds that are intended to be used for specific purposes, but are neither restricted nor committed, include transfers from other funds, investment interest not constrained by contract or covenant, fees for services, and rents.

Unassigned

Unrestricted fund balance not committed or assigned in the General Fund is considered unassigned. Also negative fund balance in any other governmental fund is unassigned. 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 occur 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; and an estimated useful life of more than one year; and all 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 estimated fair value on the date received.

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 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.

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 estimated value of donated assets is recorded as contributed revenue by the receiving fund.

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 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.

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

Asset Class	Estimated Service Life (Years)
Equipment Rental Fund	
Transportation Equipment	4 - 10
Communications Equipment	5 - 8
Traffic Control Equipment	10
Heavy-Duty Work Equipment	5 - 20
Shop/Miscellaneous Equipment	8 - 15
Waterworks Utility	
Structures and Building Improvements	40
Other Improvements	50
Water Treatment Plant and Equipment	50
Pumping Equipment	14
Tools, Shop Equipment, and Office Furniture	10
Transportation Equipment	5
Other Equipment	14
Bellevue Convention Center Authority	
Building Shell	50
Building Mechanical Systems and Roof	25
Office Furniture and Equipment	7
Communications Equipment	7
General Capital Assets	
Structures and Building	39
Other Improvements	20
Equipment	7 - 15
Depreciated Infrastructure	20
Computer Software	15

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

Capitalization of Interest Costs

The city has paid off all debt and is not currently funding any capitalized projects. If the city were to incur any debt, the city would not capitalize the interest expense.

Compensated Absences

Employee vacation leave is at accumulated 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 funds financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

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. Fire fighters 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 has been recorded in the government-wide financial statements and the proprietary funds financial statements using the vesting method.

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 funds 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 expensed 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.

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, and for taxes receivable, grant reimbursements, and special assessments receivable 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

Fund Deficits

As of December 31, 2014, total net position for the Bellevue Convention Center Authority, a discrete component unit of the city, reflects an unrestricted net position deficit balance of \$30.9 million and a total net position deficit of \$15.6 million. Due to the annual charge for depreciation on the building and equipment and accrued interest on the Series 1991B and Series 1994 bonds, the deficit unrestricted net position and net position balances are anticipated to grow over the foreseeable future. Cash flows as projected in the annual Finance Plan, however, are expected to meet all obligations as they come due.

Legal Budgetary Compliance

During 2014, 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 2014, the City Council amended the 2014 appropriations by an additional \$1.4 million to reflect previously unanticipated needs in the 2014 portion of the 2014-2015 biennial budget. Amendments totaled \$1.3 million and \$105 thousand for the General Fund and Operating Grants and Donations Fund, respectively. 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 in thousands as of December 31, 2014, are as follows, in thousands:

Cash on hand and in bank	2,712
Equity in pooled investments	<u>288,634</u>
Total	<u>\$ 291,346</u>

In addition, the city holds in trust for fiduciary funds \$13.2 million in cash and equity in pooled investments.

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, 2014, the city had a bank balance of \$2.5 million (carrying amount of \$2.7 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. 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 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 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.

An Investment Advisory Committee (IAC) is established by the City Manager, comprised of four members from the business community with experience in the area of institutional investment management. The IAC meets periodically to review the investment program and advise the City Manager and the Finance Director about matters relating to the city’s investment policies and practices.

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). The LGIP is comparable to a Rule 2a-7 money market fund recognized by the Securities and Exchange Commission. It is managed by the Office of the State Treasurer, which is responsible for establishing the investment policy for the pool.

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 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 Pool shares. Regulatory oversight for these investments is provided as prescribed by 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 Pool'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 Pool.

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%	25%
U.S. Agency Discount Notes	1 year	100%	25%
Repurchase Agreements	30 days	50%	10%
Municipal Bonds	5 years	10%	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 2.5 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 as necessary to provide the cash flow and liquidity needed for operations.

The LGIP is an un-rated 2a-7 like pool, as defined by GASB Statement 31. 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	\$ 207,801	\$ 6,002	\$ 6,039	\$ 63,822	\$ 75,308	\$ 56,630	Aaa/AA+
U.S. Agency Discount - Amortizing Certificate of Deposit	13,115	-	8,377	4,738	-	-	Aaa/AA+
Interest Bearing Bank Deposits	25,000	-	25,000	-	-	-	Unrated
Municipal Bonds LGIP	22,392	22,392	-	-	-	-	Unrated
Municipal Bonds	13,236	-	1,367	2,989	2,661	6,219	Aa2/AA
LGIP	20,321	20,321	-	-	-	-	Unrated
Total	\$ 301,865	\$ 48,715	\$ 40,783	\$ 71,549	\$ 77,969	\$ 62,849	

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, certificates of deposits, repurchase agreements, and in the LGIP. According to 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 & 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, or 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, 2014, 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	\$62,079
Federal Home Loan Bank (FHLB)	Fixed Rate Agency Coupon	60,216
Federal National Mortgage Association (FNMA)	Fixed Rate Agency Coupon	52,797
Federal Farm Credit Bank (FFCB)	Fixed Rate Agency Coupon	45,824
Opus Bank	Certificates of Deposit	17,000
Umpqua Bank	Interest Bearing Bank Deposits	13,192
Opus Bank	Interest Bearing Bank Deposits	9,200
Umpqua Bank	Certificates of Deposit	8,000

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, 2014, all of the \$220.9 million investments in U.S. agency debt

obligations 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.

Discretely Presented Component Unit

Cash and equity in pooled investments of the Bellevue Convention Center Activities are comprised of business-type activities only. The balances as of December 31, 2014, are as follows, in thousands:

Cash on hand and in bank	1,068
Equity in pooled investments	<u>12,619</u>
Total	<u>\$ 13,687</u>

Note 5: Receivables

Property Taxes

King County is responsible for collecting all property taxes levied in the County. Amounts collected by the 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, respectively.

Under State law, the city may levy up to \$3.26 per \$1,000 of assessed valuation, subject to the following limitations:

- 1) Chapter 84.55 of the State RCW as amended most recently by Initiative No. 747 (which was passed by voters on November 6, 2001), 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. 747, 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 proposition 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 \$1.0 million in 2014.

The City of Bellevue did not assess a property tax increase for 2014. The city has "banked" the remaining levy capacity for potential future use. As of December 31, 2014, the city has \$9.4 million in unused levy capacity.

The city's regular property tax levy rate for 2014 was \$1.07 per \$1,000 of assessed property value, which yielded a total regular levy of \$38.3 million.

An additional \$4.0 million (\$0.11 per \$1,000 of assessed value) will be 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 the next 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.

Long-Term Receivables

The Community Development Block Grant program provides qualifying participants home rehabilitation loans payable upon the sale of the home. The city has \$3.1 million in home rehabilitation loans receivable that are not expected to be received within one year.

Note 6: Capital Assets

Capital asset activity for the primary government for the year ended December 31, 2014, was as follows, in thousands:

	Beginning Balance	Increases	Decreases	Transfers and Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 761,045	\$ 27,933	\$ -	\$ -	\$ 788,978
Construction in progress	55,017	32,394	(26,354)	-	61,057
Infrastructure	666,692	15,506	-	-	682,198
Total capital assets, not being depreciated	<u>1,482,754</u>	<u>75,833</u>	<u>(26,354)</u>	<u>-</u>	<u>1,532,233</u>
Capital assets, being depreciated:					
Buildings	217,786	1,094	-	-	218,880
Improvements other than buildings	49,238	-	-	-	49,238
Intangible assets	20,249	-	-	-	20,249
Machinery and equipment	52,071	2,791	(1,578)	(299)	52,985
Infrastructure	145,310	10,536	(22)	-	155,824
Total capital assets being depreciated	<u>484,654</u>	<u>14,421</u>	<u>(1,600)</u>	<u>(299)</u>	<u>497,176</u>
Less accumulated depreciation for:					
Buildings	(73,801)	(5,787)	-	-	(79,588)
Improvements other than buildings	(17,430)	(2,442)	-	-	(19,872)
Intangible assets	(16,813)	(1,085)	-	-	(17,898)
Machinery and equipment	(34,963)	(4,104)	1,529	207	(37,331)
Infrastructure	(124,528)	(4,710)	20	-	(129,218)
Total accumulated depreciation	<u>(267,535)</u>	<u>(18,128)</u>	<u>1,549</u>	<u>207</u>	<u>(283,907)</u>
Total capital assets, being depreciated, net	<u>217,119</u>	<u>(3,707)</u>	<u>(51)</u>	<u>(92)</u>	<u>213,269</u>
Governmental activities capital assets, net	<u>\$ 1,699,873</u>	<u>\$ 72,126</u>	<u>\$(26,405)</u>	<u>\$ (92)</u>	<u>\$ 1,745,502</u>

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

Governmental activities:	
General government	\$ 5,205
Public safety	489
Physical environment	61
Transportation	3,894
Economic environment	174
Culture and recreation	3,485
Total	<u>13,308</u>
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	4,820
Total depreciation expense - governmental activities	<u>\$ 18,128</u>

Capital assets held by the government's proprietary funds are charged to the various functions based on their usage of the assets, in thousands:

	Beginning Balance	Increases	Decreases	Transfers and Adjustments	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 24,959	\$ 26	\$ -	\$ -	\$ 24,985
Construction in progress	13,200	18,245	(16,967)	-	14,478
Total capital assets, not being depreciated	<u>38,159</u>	<u>18,271</u>	<u>(16,967)</u>	<u>-</u>	<u>39,463</u>
Capital assets, being depreciated:					
Buildings	36,638	689	-	-	37,327
Machinery and equipment	10,739	1,211	(535)	299	11,714
Infrastructure	349,516	16,720	-	-	366,236
Intangible assets	271	-	-	-	271
Total capital assets being depreciated	<u>397,164</u>	<u>18,620</u>	<u>(535)</u>	<u>299</u>	<u>415,548</u>
Less accumulated depreciation for:					
Buildings	(18,017)	(1,519)	-	-	(19,536)
Machinery and equipment	(7,314)	(800)	509	(207)	(7,812)
Infrastructure	(129,947)	(6,230)	-	-	(136,177)
Intangible assets	(211)	(8)	-	-	(219)
Total accumulated depreciation	<u>(155,489)</u>	<u>(8,557)</u>	<u>509</u>	<u>(207)</u>	<u>(163,744)</u>
Total capital assets, being depreciated, net	<u>241,675</u>	<u>10,063</u>	<u>(26)</u>	<u>92</u>	<u>251,804</u>
Business activities capital assets, net	<u>\$ 279,834</u>	<u>\$ 28,334</u>	<u>\$ (16,993)</u>	<u>\$ 92</u>	<u>\$ 291,267</u>

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

Business-type activities:	
Marina	\$ 14
Water	3,736
Storm and surface water	1,836
Sewer	2,971
Total depreciation expense - business-type activities	<u>\$ 8,557</u>

DISCRETELY PRESENTED COMPONENT UNIT
BELLEVUE CONVENTION CENTER AUTHORITY
(in thousands)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Construction in Progress	\$ 786	\$ 434	\$ (184)	\$ 1,037
Total capital assets, not being depreciated	<u>786</u>	<u>434</u>	<u>(184)</u>	<u>1,037</u>
Capital assets, being depreciated:				
Building	49,478	13	-	49,491
Machinery and Equipment	4,683	278	(82)	4,879
Total capital assets being depreciated	<u>54,161</u>	<u>291</u>	<u>(82)</u>	<u>54,370</u>
Less accumulated depreciation for:				
Building	(22,702)	(1,098)	-	(23,800)
Machinery and Equipment	(4,352)	(203)	82	(4,473)
Total accumulated depreciation	<u>(27,054)</u>	<u>(1,301)</u>	<u>82</u>	<u>(28,273)</u>
Total capital assets, being depreciated, net	<u>27,107</u>	<u>(1,010)</u>	<u>(4)</u>	<u>26,097</u>
Component unit activities capital assets, net	<u>\$ 27,893</u>	<u>\$ (576)</u>	<u>\$ (188)</u>	<u>\$ 27,134</u>

Note 7: Pension Plans

Washington State Department of Retirement Systems

Substantially all of the city's full-time and qualifying part-time employees participate in one of the following statewide public employee retirement plans administered by the Washington State Department of Retirement Systems. Financial statements and information showing each system's progress in accumulating sufficient assets to pay benefits when due and other pension data are presented in the Washington State Comprehensive Annual Financial Report for the year ended June 30, 2013. Please refer to this report for detailed pension information for the Public Employees Retirement System, the Public Safety Employees Retirement System, and the Law Enforcement Officers and Fire Fighters Retirement System. A copy of this report may be obtained from the State of Washington, Office of Financial Management, P.O. Box 43123, Olympia, WA 98504-3123.

Public Employees Retirement System (PERS)

Plan Description

PERS was established by the state legislature in 1947 under the Revised Code of Washington (RCW) Chapter 41.40. PERS is a multiple employer cost sharing defined benefit 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. Those joining the system after that date 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, and retirement benefits in the PERS 3 plan are vested after completion of ten years of eligible service. 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.

Funding Policy

Each biennium, the legislature establishes Plan 1 employer contribution rates and Plan 2 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 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 city's contributions to PERS for the years ending December 31 were as follows, in thousands:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
2014	\$ 145	\$ 5,795	\$ 962
2013	129	4,859	777
2012	137	4,084	649

In 2014 the contribution rates for PERS were impacted as noted in the table below:

	<u>Rate</u> <u>Effective</u> <u>7/1/2013</u>	<u>Rate</u> <u>Effective</u> <u>9/1/2013</u>	<u>Rate</u> <u>Effective</u> <u>1/1/2014</u>
PERS 1 Employer	9.19%	9.21%	9.21%
PERS 1 Employee	6.00%	6.00%	6.00%
PERS 2 Employer	9.19%	9.21%	9.21%
PERS 2 Employee	4.92%	4.92%	4.92%
PERS 3 Employer	9.19%	9.21%	9.21%
PERS 3 Employee	5% - 15% variable		

Public Safety Employees' Retirement System (PSERS)

Plan Description

PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2. PSERS was created by the 2004 legislature and became effective July 1, 2006. 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.

Funding Policy

Each biennium, 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 RCWs 41.37 and 41.45.

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

The city's contributions to the PSERS system for the years ended December 31 were as follows, in thousands:

	<u>PSERS Plan 2</u>
2014	\$ 77
2013	69
2012	55
2011	48
2010	50
2009	59

In 2014 the contribution rates for PSERS were impacted as noted in the table below:

	Rate Effective <u>7/1/2013</u>	Rate Effective <u>9/1/2013</u>	Rate Effective <u>1/1/2014</u>
PSERS Employer	10.52%	10.54%	10.54%
PSERS Employee	6.36%	6.36%	6.36%

Law Enforcement Officers and Fire Fighters (LEOFF) Retirement System

Plan Description

LEOFF, a cost-sharing, multiple-employer 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 fire fighters. 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. Both plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

Funding Policy

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 the employees made the required contributions for all years. The city's contributions to the LEOFF system for the years ended December 31 were as follows, in thousands:

	<u>LEOFF 1</u>	<u>LEOFF 2</u>
2014	\$ 1	\$ 2,061
2013	2	2,034
2012	2	1,984
2011	2	1,904
2010	2	1,884
2009	3	1,881

In 2014 the contribution rates for LEOFF were impacted as noted in the table below:

	Rate Effective <u>7/1/2013</u>	Rate Effective <u>9/1/2013</u>	Rate Effective <u>1/1/2014</u>
LEOFF 1 Employer	0.16%	0.18%	0.18%
LEOFF 1 Employee	0.00%	0.00%	0.00%
LEOFF 2 Employer	5.21%	5.23%	5.23%
LEOFF 2 Employee	8.41%	8.41%	8.41%

Firemen's Pension Plan

Summary of Significant Accounting Policies

Method used to value investments. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. Certificates of deposits are valued at principal invested. Interest earnings are reported upon maturity of investment. Municipal bonds are reported at quoted market prices. Investments in the Local Government Investment Pool are valued at quoted market prices.

Plan Description

Plan administration. The city administers the Firemen's Pension Plan—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 Firemen’s 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.

Plan membership. Membership is limited to firefighters employed prior to March 1, 1970, when the LEOFF retirement system was established. At December 31, 2014, 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 Firemen's Pension Plan	25
Retirees after March 1, 1970, receiving LEOFF 1 pensions exceeding the Firemen's Pension Fund and, therefore; not qualifying for excess benefit payment from the Firemen's Pension Plan	8
Total	<u>33</u>

The Plan is closed to new entrants.

Benefits. RCW 41.16.080 through 41.16.180 establish the benefits of the plan. Plan members shall be paid upon retirement a pension based upon the average monthly salary drawn for the five year calendar 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 line of duty, payment upon disablement in line of duty, payment upon disablement not in line of duty, payment on separation from service, and funeral expenses.

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 22.5 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, 2014, the state contributed \$207,854 and neither member nor employer made contributions to the Plan. As of the last actuarial study dated January 1, 2015, 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 in regard to the allocation of invested assets is established and may be amended by the director of finance and her designee authorized by City Council. The primary objective of the investment policy is 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 will be in compliance with state law. The following was the city’s adopted asset allocation policy as of December 31, 2014:

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%	25%
U.S. Agency Discount Notes	1 year	100%	25%
Repurchase Agreements	30 days	50%	10%
Municipal Bonds	5 years	10%	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, 2014:

<u>Investment Type</u>	<u>% of Net Position</u>
Certificates of Deposit	8%
Local Government Investment Pool	7%

Rate of return. For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments was 1.01 percent. The money-weighted rate of return expresses investment performance adjusted for the changing amounts actually invested.

Net Pension Liability of the City

The components of the net pension liability of the City at December 31, 2014, were as follows, in thousands:

Total pension liability	\$ 4,150
Plan fiduciary net position	<u>6,745</u>
City's net pension liability	<u><u>\$ (2,594)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	162.51%

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2015, 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.

The actuarial assumptions used in the January 1, 2015 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.

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 3.50 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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
City's net pension liability	\$ (2,140)	\$ (2,594)	\$ (2,981)

Required supplementary information schedule. A trend schedule for current year and the previous nine years is displayed in the Required Supplemental Information. These schedules will show the actuarial value of the net pension asset trend.

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 USCA, 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 4,616 participants (Bellevue has 1,478 MEBT 1 participants and 416 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 as of their hire date in MEBT. 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 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, to the Bellevue Contribution Account each pay period.

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.

Employees may contribute up to federal deferred limits, annual addition limits, and any other tax rules that may apply. Actual contributions to the plan for 2014 were as follows, in thousands:

	<u>MEBT 1</u>	<u>MEBT 2</u>
Participants	\$ 8,723	\$ 104

Vesting

Regular employees become fully vested after ten 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, 2014, there were 82 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 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 percent of covered payroll. Actual contributions to the plan for 2014 were as follows, in thousands:

Participants	\$192
Authority	145

Note 8: Other Personnel Benefits

Deferred Compensation

The city offers its employees one deferred compensation plan in accordance with Internal Revenue Code Section 457, as revised on August 20, 1996. This plan enables employees to defer a portion of their compensation until future years. The deferred compensation is available to employees upon termination, retirement, or certain unforeseeable emergencies. It is available to their beneficiaries upon the employees' death.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and right of the contributing employee. Amounts withheld from employee compensation are transmitted directly to the plans' trustees.

Post-Employment Benefits

In accordance with the Revised Code of Washington (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 his/her medical care.

Costs of providing these post-employment health care benefits in 2014 were as follows, in thousands:

Bellevue Health Plan - claims, administrative costs, stop loss coverage and incurred reserves	\$ 1,329
Group Health - medical insurance premiums	108
Medicare Part B insurance premiums	125
Disability Board Reimbursements	227
Total Costs	<u>\$ 1,789</u>

In the past, these costs were provided solely on a pay-as-you-go-basis by the city's Health Benefits Fund. On January 1, 1996, however, the city established the LEOFF I Medical Reserve Fund. The city has reserved a \$7.4 million balance in the LEOFF I Medical Reserve fund as of December 31, 2014. These funds are in the State Treasurer's Investment Pool and U.S. Government Securities with maturity dates at time of purchase from less than one year to a maximum of two years.

There are a total of 9 active plan participants and 125 retirees currently receiving benefits.

The medical liability valuation is based on the methodology contained in Statement 106 of the Financial Accounting Standards Board (FASB) and applied in accordance with GASB Statement 12. The significant actuarial assumptions used are as follows:

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I. Economic Assumptions:	A. Discount Rate	2.50%
	B. Medical Inflation Rate	3.00%
II. City of Bellevue per-person claim cost experience rates:		
	A. Retirees under 65	\$ 2,249
	B. Retirees 65 and older	\$ 1,060
Actuarial cost method	Projected Unit Credit Actuarial Cost Method	
Amortization method	30 year open	
Asset valuation method	N/A	
Investment Rate	2.50%	

GASB Statement 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions (OPEB) requires the disclosure of the employer liability for retiree medical subsidies and other post-employment benefits. Recognition of the liability accumulated from prior years will be amortized over 30 years, the first period commencing in 2007.

The annual required contribution (ARC) is equal to an amount required each year to fully fund the liability. The actuarial accrued liability (AAL) for OPEB is determined in accordance with GASB Statement 45, and has been estimated at \$49.7 million with plan assets of 0 percent held in trust. These estimates were prepared by Healthcare Actuaries, LLC.

The December 31, 2014 valuation used the projected unit credit actuarial cost method. The actuarial assumptions included a 2.50 percent investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 8.0 percent for Premera medical/unreimbursed expenses, remaining at 8.0 percent for each of the next two years, then decreasing to an ultimate rate of 4.2 percent after 66 years. The initial Premera pharmacy trend is 7.0 percent, then 6.6 percent for three years, then 5.4 percent for seven years, then decreasing to an ultimate rate of 4.2 percent after 62 years. The Group Health trend is the same as the Premera medical trend. The Medicare premium trend rate is 6.0 percent for all years. The long-term care trend rate is 5.0 percent for all years. The trend rate for the Excise Tax threshold is 0 percent until 2018, when a trend rate of 3.24 percent is used. All trend rates include a 3.0 percent inflation assumption.

The unfunded actuarial accrued liability (UAAL) at transition is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2014 was 22 years. The UAAL is recalculated each year and amortized as a level dollar amount on an open basis over 30 years.

The city's annual OPEB costs and net OPEB obligation for 2014 were as follows, in thousands:

Annual Required Contribution	\$	3,031
Interest on Net OPEB Obligation		144
Adjustment to annual required contribution		<u>(371)</u>
Annual OPEB Cost		2,803
Contributions Made		<u>1,789</u>
Increase in Net OPEB Obligation		1,014
Net OPEB Obligation - Beginning of year		<u>6,685</u>
Net OPEB Obligation - End of year	\$	<u><u>7,699</u></u>

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ending December 31 were as follows, in thousands:

	Annual OPEB Cost	Employer Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 2,803	\$ 1,789	63.82%	\$ 7,699
2013	2,690	1,614	59.98%	6,685
2012	2,899	1,556	53.66%	5,608

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. In accordance with GASB Statement 50 the schedule of funding progress,

presented as required supplemental information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The funded status of the Health Plan as of December 31, 2014, was as follows, in thousands:

Actuarial Accrued Liability (AAL)	\$ 49,675
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 49,675</u>
Funded Ratio	0.00%
Covered Payroll	\$ 760
UAAL as a Percentage of Covered Payroll	6540.0%

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	\$ 8,892
Development Services	823
General Capital Investment Program	-
Nonmajor governmental funds	<u>232</u>
Total governmental activities	9,947
Business-type activities:	
Storm & surface water utility	356
Water utility	440
Sewer utility	<u>354</u>
Total business-type activities	1,150
Internal Service activities	<u>1,017</u>
Total compensated absences	<u>\$ 12,114</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, and risk transfer/insurance, and risk margin factors to cover future unknown loss contingencies.

In accordance with GASB Statement 10, 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, General Self-Insurance and Health Benefits Funds 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, 2014, the city had available cash and equity in pooled investments in the self-insurance funds of \$13 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 10. This statement requires that a liability for claims be reported if information indicates, prior to the issuance of the financial statements that it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This estimated liability is not discounted to present value.

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Changes in the Funds' claims liability amount from fiscal year ended December 31, 2013 to December 31, 2014, in thousands:

	Workers' Compensation	Unemployment Compensation	General Self-Insurance	Health Benefits
December 31, 2013:				
Unpaid claims, beginning of fiscal year	\$ 1,701	\$ 54	\$ 2,576	\$ 1,225
Incurred claims (including IBNRs)	1,430	181	178	14,346
Claim payments	(1,044)	(189)	(1,426)	(14,529)
Unpaid claims, December 31, 2013	<u>\$ 2,087</u>	<u>\$ 46</u>	<u>\$ 1,328</u>	<u>\$ 1,042</u>
December 31, 2014:				
Unpaid claims, beginning of fiscal year	\$ 2,087	\$ 46	\$ 1,328	\$ 1,042
Incurred claims (including IBNRs)	1,056	114	1,189	14,717
Claim payments	(1,183)	(121)	(750)	(14,625)
Unpaid claims, December 31, 2014	<u>\$ 1,960</u>	<u>\$ 39</u>	<u>\$ 1,767</u>	<u>\$ 1,134</u>
Due within one year	1,046	39	704	1,134
Due in more than one year	914	-	1,063	-

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.

Policy Type	Deductible	Coverage Limits	Description
Excess Workers' Compensation Employer's Liability - All Employees	\$ 500,000	\$ 1,000,000	Protects the city from unanticipated levels of workers' compensation
Boiler & Machinery	10,000	500,000,000 (A)	Protects the city from loss due to damage to buildings and contents from boilers and machinery.
Real & Personal Property	100,000	500,000,000 (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	10,000,000 (A)	Protects the city from excessive individual losses.
Fiduciary Liability	15,000	7,000,000	Protects the city's retirement plans from wrong doing by board members.
Inland Marine - Fine Arts		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	5,000	1,000,000	Protect the city from loss due to employee dishonesty and other extended coverages.
		(A)	per occurrence
		(B)	per occurrence

Discretely Presented Component Unit

The Bellevue Convention Center Authority utilizes Parker, Smith & Feek, Inc. for marketing and placement of its commercial policies. The Authority maintains insurance against most normal hazards.

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, 2018. Total lease payments for 2014 were \$14. Future lease payments to Terranomics Crossroads Associates are summarized as follows:

2015	\$ 14
2016	15
2017	15
2018	<u>14</u>
Total future minimum lease payments	<u>\$ 58</u>

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 2014 were \$26. Future lease payments to Terranomics Crossroads Associates are summarized as follows:

2015	\$ 22
2016	22
2017	23
2018	23
2019	24
2020	<u>18</u>
Total future minimum lease payments	<u>\$ 132</u>

Delta Business Park

Effective July 1, 1996, the city entered into a five-year lease agreement with Delta Business Park for a building to house vehicles seized by the Eastside Narcotics Task Force. Since 1996 the lease has been extended via mutual agreement between both parties. The current lease extension ends June 30, 2016. Total lease payments for 2014 were \$26. Future lease payments to Delta Business Park are summarized as follows:

2015	\$ 25
2016	<u>13</u>
Total future minimum lease payments	<u>\$ 38</u>

Effective January 1, 2005, the city entered into another 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 2014 were \$18. Future minimum lease payments to Delta Business Park are as follows:

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2015	\$ 13
2016	13
2017	13
2018	13
2019	13
Total future minimum lease payments	<u>\$ 65</u>

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 will automatically renew on July 1, 2016 for fourteen years unless NORCOM gives thirty months' notice of cancellation. Total lease receipts for 2014 were \$452.

The premises leased by NORCOM have a cost of \$4,562 with accumulated depreciation of \$816 and a carrying value of \$3,746.

Minimum future rentals from NORCOM are summarized as follows, in thousands:

2015	\$ 463
2016	468
Total future minimum lease receipts	<u>\$ 931</u>

District Court

The city entered into an eleven 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 begin on July 1, 2015. The city made no payments during 2014.

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

2015	\$ 310
2016	619
2017	619
2018	628
2019	647
2020	667
2021	687
2022	707
2023	729
2024	751
2025	381
Total future minimum lease payments	<u>\$ 6,745</u>

Construction/Other Contractual Commitments

The city's other outstanding contractual commitments by fund type as of December 31, 2014, are summarized below, in thousands:

Governmental activities:	
General Fund	\$ 23,762
Development services	794
General CIP	50,808
Nonmajor governmental funds	<u>21,543</u>
Total governmental activities	96,907
Business-type activities:	
Storm & surface water utility	3,281
Water utility	43,604
Sewer utility	6,726
Nonmajor business-type funds	<u>117</u>
Total business-type activities	53,728
Total outstanding contractual commitments	<u>\$ 150,635</u>

Note 12: Interfund Receivables, Payables and Transfers

Interfund balances as of December 31, 2014 were as follows, in thousands:

DUE TO/FROM OTHER FUNDS	<u>Receivable</u>	<u>Payable</u>
Governmental funds:		
General Fund	\$ 481	\$ -
Development Services	-	-
General Capital Investment Program	-	15,000
Nonmajor governmental funds	9	9
Proprietary funds:		
Storm Drainage Utility	-	55
Water Utility	-	259
Sewer Utility	15,000	167
Marina	-	-
Internal Service Funds	-	-
Total due other funds	<u>\$ 15,490</u>	<u>\$ 15,490</u>

Receivable and payable balances due to and due from funds consist of loans between city funds. The LID Guaranty Fund pays off loans related to special assessments for the LID Control Fund. The LID Control Fund repays the LID Guaranty Fund upon payment from the property owners. The loan between the General Capital Improvement Program Fund and the Sewer Utility Fund was to provide interim financing for city projects and is expected to be repaid in 2015. The remaining balance for receivables consists of payables from the Utility fund for Business and Occupation taxes.

The balance between the city and the component unit consists of transient occupancy taxes pledged to the Bellevue Convention Center Authority due at year-end.

Interfund transfers as of December 31, 2014 were as follows, in thousands:

INTERFUND TRANSFERS	In	Out
Governmental funds:		
General Fund	\$ 1,818	\$ 4,257
Development Services	3,638	288
General Capital Investment Program	-	14,111
Nonmajor governmental funds	15,565	1,585
Proprietary funds:		
Storm Drainage Utility	146	10
Water Utility	120	2
Sewer Utility	169	177
Marina	-	-
Internal Service Funds	1,564	2,591
Total Transfers	\$ 23,021	\$ 23,021

The city incurs transfers for subsidies, indirect overhead, capital improvements, capital purchases and debt service.

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 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 1998 limited general obligation bonds were issued for the purchase of the Marina and are reported under business activities in the statement of net position. The remaining 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 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 2013 through 2037. These bonds are subject to federal arbitrage rules.

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 (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 and \$14.7 million in limited tax general obligation bonds issued in 1995 and 2010 (refunding 2002 bonds) by the city. Proceeds from the special obligation revenue bonds provided financing for constructing a convention center facility. Proceeds from the limited tax general obligation bonds issued in 1995 provided financing for capital improvements and related costs for the Convention Center. Proceeds from the 2002 issuance provided financing for acquiring a site for expansion and/or making improvements to the Convention Center. The bonds are payable solely from the

hotel/motel tax revenue through 2032 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 78 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$112.5 million. Principal and interest paid for the current year and total pledged revenue were \$6.5 million and \$9.2 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 are payable from rates and charges for moorage at the Meydenbauer Bay Marina through 2018 or when all debt payments have been made, whichever is earlier. Annual principal and interest payments on the bonds are expected to require less than 88 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$2.3 million. Principal and interest paid for the current year and total pledged revenue were both \$0.4 million.

Advanced Refunding

On September 14, 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; (i) \$3.4 million of outstanding 1998 LTGO (Marina) bonds with an average interest rate of 4.57 percent and (ii) \$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 \$.73 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 \$274,000 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 (difference between the present values of the debt service payments on the old and new debt) of \$3.8 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 \$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 again 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 \$174,000 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 (\$40.8 million) 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 (\$40.8 million) 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 (difference

between the present values of the debt service payments on the old and new debt) of \$2.2 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 \$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.

Special Assessments

Special assessment bonds are issued to finance construction of local improvement district (LID) projects and are repaid through assessments collected from property owners benefiting from related improvements. Although the bonds are secured by liens against assessed properties, the city is required under state law to establish a guaranty fund to provide a means of paying LID bond debt service obligations in the event there are insufficient resources in the LID Control Fund. Due to the city's legal obligation to maintain this guaranty fund, special assessment bonds are considered a general government obligation and are, therefore, recorded in governmental activities on the statement of net position, even though the LID process is used for construction of utility service projects, as well as for construction of sidewalk and other transportation-related improvements.

Other Long-Term Liabilities

Other long-term debt incurred by the enterprise and governmental funds includes conditional sales contracts issued for the purchase of land and facilities, and State Department of Community Development Public Works Trust Fund loans, which have been made to finance designated capital project construction costs.

Estimated pollution remediation obligations are promises to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The city's estimated pollution remediation is resultant from a landfill closed since 1964. The estimates were derived using the expected cash flows method as well as technical estimates from records of decisions, consent decrees and/or settlement agreements. Estimated costs are \$50,000 per year, adjusted for inflation for the maintenance and operation of a methane extraction system. The pollution remediation obligation is an estimate and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations. Prospective recoveries from other responsible parties may reduce the city's obligations. No recoveries were recorded in 2014. The city recognized an estimated pollution remediation obligation of \$284 in 2014.

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LONG- TERM DEBT GOVERNMENTAL ACTIVITIES
For the Year Ended December 31, 2014
(in thousands)

Description	Interest Rate	Fund Responsible to Pay Debt	Issue Date	Maturity Date	Original	Debt	Debt	Debt	Debt
					Debt Issued	Outstanding 1/1/14	Issued	Redeemed	Outstanding 12/31/14
General Obligation Bonds-Councilmanic:									
1995 Limited G.O.	5.15-5.80%	Hotel/ Motel Tax	12/27/95	12/01/25	\$ 5,139	\$ 2,311	\$ -	\$ 262	\$ 2,049
2003 Limited G.O. Refunding Series B	2.00-4.50%	General CIP	10/29/03	07/01/14	4,635	495	-	495	-
2004 Limited G.O. (City Building)	5.00-5.50%	General CIP	07/01/04	12/01/14	102,710	1,445	-	1,445	-
2006 Limited G.O.	3.80-4.25%	General CIP	11/01/06	12/01/26	6,060	4,480	-	270	4,210
Add: Unamortized bond premium						15	-	1	14
2008 Limited G.O.	3.00-4.25%	General CIP	02/07/08	12/01/27	14,230	10,950	-	620	10,330
Add: Unamortized bond premium						12	-	1	11
2010 Limited Tax G.O.	2.00-5.00%	General CIP	10/14/10	12/01/30	11,825	10,535	-	465	10,070
Add: Unamortized bond premium						683	-	40	643
2010 Limited Tax G.O. Refunding Series 2002	2.00-4.00%	Hotel/ Motel Tax	09/28/10	12/01/32	9,595	8,735	-	330	8,405
Add: Unamortized bond premium						237	-	12	225
2012 Limited G.O. Refunding Series 2012	2.00-5.00%	General CIP	04/17/12	12/01/39	55,875	55,770	-	110	55,660
Add: Unamortized bond premium						6,234	-	240	5,994
2012 Limited G.O. Refunding Series 2012B	2.00-5.00%	General CIP	07/18/12	12/01/43	43,185	43,130	-	55	43,075
Add: Unamortized bond premium						2,245	-	75	2,170
2013 Limited Tax G.O. Sound Transit Portion	2.00-5.00%	General CIP	04/15/13	12/01/32	62,605	61,385	-	2,105	59,280
Add: Unamortized bond premium						10,352	-	545	9,807
2013 Limited G.O. Local Revitalization	2.00-5.00%	General CIP	04/15/13	12/01/37	7,800	7,490	-	180	7,310
Add: Unamortized bond premium						991	-	41	950
Other Long- Term Debt:									
Department of Community, Trade & Economic Development:									
Public Works Trust Fund Loan #06-962	0.50%	General CIP	02/01/07	02/01/28	750	518	-	40	478
Total					\$ 324,409	\$ 228,013	\$ -	\$ 7,332	\$ 220,681

City of Bellevue, Washington

SPECIAL ASSESSMENT DEBT WITH GOVERNMENTAL COMMITMENT
For the Year Ended December 31, 2014
(in thousands)

Local Improvement District	Interest Rate	Fund Responsible to Pay Debt	Issue Date	Maturity Date	Original Debt Issued	Debt Outstanding 1/1/14	Debt Issued	Debt Redeemed	Debt Outstanding 12/31/14
NE 8th St & 156th Ave NE	6.50-6.65%	LID Control	06/01/94	07/01/16	\$ 325	\$ 10	\$ -	\$ 10	\$ -
Total					<u>\$ 325</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ -</u>

LONG-TERM DEBT – BUSINESS TYPE ACTIVITIES
For the Year Ended December 31, 2014
(in thousands)

Description	Interest Rate	Fund Responsible to Pay Debt	Issue Date	Maturity Date	Original Debt Issued	Debt Outstanding 1/1/14	Debt Issued	Debt Redeemed	Debt Outstanding 12/31/14
General Obligation Bonds-Councilmanic									
2010 Limited G.O. Refunding Series 1998	2.00-4.00%	Marina	09/28/10	12/1/18	\$ 3,280	\$ 2,080	\$ -	\$ 390	\$ 1,690
Add: Unamortized bond premium						88	-	18	70
Other Long-Term Debt									
Department of Community, Trade & Economic Development:									
Public Works Trust Fund Loan #94-002 ⁽¹⁾	1.00%	Water Utility	06/23/94	07/01/14	560	30	-	30	-
Total					<u>\$ 3,840</u>	<u>\$ 2,198</u>	<u>\$ -</u>	<u>\$ 438</u>	<u>\$ 1,760</u>

⁽¹⁾ A total loan of \$856,000 was approved in 1994.

City of Bellevue, Washington

At December 31, 2014, 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 Other Debt		Business-Type Activities Other Debt		Total Annual Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2015	\$ 6,391	\$ 9,274	\$ -	\$ -	\$ 40	\$ 2	\$ -	\$ -	\$ 15,707
2016	6,582	9,074	-	-	40	2	-	-	15,698
2017	6,847	8,882	-	-	40	2	-	-	15,771
2018	7,080	8,618	-	-	40	2	-	-	15,740
2019	6,903	8,323	-	-	40	2	-	-	15,268
2019-2023	39,199	36,906	-	-	199	5	-	-	76,309
2024-2028	44,912	24,881	-	-	80	1	-	-	69,874
2029-2033	36,150	14,545	-	-	-	-	-	-	50,695
2034-2038	24,650	7,925	-	-	-	-	-	-	32,575
2039-2043	23,365	2,386	-	-	-	-	-	-	25,751
Total	<u>\$ 202,079</u>	<u>\$130,814</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 479</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 333,388</u>

City of Bellevue, Washington

LONG-TERM DEBT – DISCRETELY PRESENTED COMPONENT UNIT
BELLEVUE CONVENTION CENTER AUTHORITY
For the Year Ended December 31, 2014
(in thousands)

Description	Interest Rate	Issue Date	Maturity Date	Original	Debt	Debt	Debt	Debt
				Debt Issued	Outstanding 1/1/14	Issued	Redeemed	Outstanding 12/31/14
1991 Series B	5.9-7.20%	08/01/91	12/01/19	\$ 21,120	\$ 3,809	\$ -	\$ 753	\$ 3,056
1994 Refunding	6.25-7.50%	11/05/93	12/05/25	13,749	9,785	-	444	9,341
Total Revenue Bonds				<u>\$ 34,869</u>	<u>\$ 13,594</u>	<u>\$ -</u>	<u>\$ 1,197</u>	<u>\$ 12,397</u>
Add:								
Unamortized gain on advance refunding								15
Total								<u>\$ 12,412</u>

The Bellevue Convention Center Authority's (Component Unit) 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, 2014 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	
2015	\$ 1,005	\$ 4,020	\$ 5,025
2016	1,246	5,354	6,600
2017	1,228	5,817	7,045
2018	1,204	5,321	6,525
2019	1,180	6,795	7,975
2020-2024	5,449	35,741	41,190
2025	1,085	8,915	10,000
Total	<u>\$ 12,397</u>	<u>\$ 71,963</u>	<u>\$ 84,360</u>

CHANGES IN LONG-TERM LIBAILITIES
(in thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 206,726	\$ -	\$ (6,337)	200,389	\$ 6,011
Add: for issuance premium	20,770	-	(955)	19,815	-
Special assessment debt	10	-	(10)	-	-
Compensated absences	11,130	9,645	(9,812)	10,963	3,289
Estimated claims payable	4,503	17,076	(16,679)	4,900	2,923
Other post employment benefits	6,685	2,803	(1,789)	7,699	-
Estimated pollution remediation	388	-	(104)	284	-
Other long-term debt	518	-	(40)	478	40
Total	\$ 250,730	\$ 29,524	\$ (35,727)	\$ 244,527	\$ 12,262
Business Activities:					
General obligation bonds	\$ 2,080	\$ -	\$ (390)	\$ 1,690	\$ 380
Add: for issuance premiums	88	-	(18)	70	-
Compensated absences	1,246	1,148	(1,244)	1,150	345
Other long-term debt	30	-	(30)	-	-
Total	\$ 3,444	\$ 1,148	\$ (1,682)	\$ 2,910	\$ 725
Bellevue Convention Center Authority:					
Revenue bonds	\$ 13,594	\$ -	\$ (1,197)	\$ 12,397	\$ 1,005
Compensated absences	81	12	-	93	37
Total	\$ 13,675	\$ 12	\$ (1,197)	\$ 12,490	\$ 1,042

The governmental funds which typically liquidate compensated absences include the General, Solid Waste Recycling, Development Services, and Parks Enterprise. The General Fund liquidates pollution remediation costs. Estimated claims expenses are liquidated in internal service funds. The LEOFF I reserve fund is used to liquidate other post-employment benefits.

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, 2014 totaled \$7.5 million.

Note 15: Contingencies and Litigation

As of December 31, 2014, 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 with the cities of Redmond, Kirkland, Mercer Island and Issaquah (Principal) in a joint venture to operate the System, 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.

Upon dissolution of the corporation, the net position of the EPSCA will be shared equitably by participating agencies at the time of dissolution. The Principals are each obligated by interlocal agreement to remit costs related to the System based upon the number of radios each participating agency has contracted for to supplement the EPSCA's operating revenues.

The city paid \$362 in services fees in 2014. The city's equity interest in ESCPA is reported in the city's Statement of Net Position. The city's equity interest in the EPSCA was \$159 at December 31, 2014.

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

CASCADE WATER ALLIANCE

The city is a participant with the cities of Issaquah, Kirkland, and Redmond and Tukwila, Sammamish Plateau Water and Sewer District and Skyway Water and Sewer District (Members) in a joint venture to operate a water supply system. 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 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 then-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 (CERUs) 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 \$1,239 in annual dues and \$2,399 in RCFCs in 2014.

Complete financial statements for the Alliance can be obtained from Cascade Water Alliance, c/o Scott Hardin, Director of Finance and Administration, 520 112th Ave NE Suite 400, Bellevue, WA 98004.

eCityGov ALLIANCE

The city is a participant with the cities of Bothell, Issaquah, Kenmore, Kirkland, Mercer Island, Sammamish and Snoqualmie (Partners) in a joint venture. eCityGov Alliance (eCityGov) was created to develop, own, operate and 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 fee(s) for the current calendar year shall be forfeited upon such withdrawal. The withdrawing Partner from eCityGov also forfeits the Partner’s proportionate interest, including, but not limited to: (1) ownership rights to hardware, software and intellectual property owned by eCityGov, and (2) 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 \$188 in annual fees in 2014. The city’s equity interest in the eCityGov was \$213 at December 31, 2014.

All Principals, Subscribers and Basic Members remit annual fees. Expenditures in 2014 were \$1.2 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:

	<u>Population</u>	<u>Percentage</u>	<u>Equity</u>
Bellevue	132,100	26.11%	\$ 213
Kirkland	81,730	21.28%	132
Sammamish	48,060	12.51%	77
Bothell	34,460	8.97%	55
Issaquah	32,130	8.37%	52
Mercer Island	22,720	5.92%	37
Kenmore	21,170	5.51%	34
Snoqualmie	11,700	3.05%	19
Total	384,070	91.72%	\$ 619

Complete financial statements for eCityGov Alliance can be obtained from Mollie Purcell, 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 with the cities of Bothell, Clyde Hill, Kirkland, Medina, Mercer Island and Snoqualmie, along with Eastside Fire and Rescue, King County Fire Protection Districts 27 and 45, King and Kittitas County Fire Protection District 51, Northshore Fire Department, Shoreline Fire Department and Woodinville Fire and Life Safety District (Principal agencies) in a joint venture to operate the NORCOM, a consolidated emergency service communications center. The North East King County Regional Public Safety Communications Agency (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 Principals’ directly served public safety departments in furtherance of improved public safety and emergency response. NORCOM is governed by an Executive Board composed of one representative from each Principal agency.

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 \$3,400 in user fees in 2014. The city's net investment in NORCOM is reported in the city's Statement of Net Position.

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

COMMUNITY CONNECTIVITY CONSORTIUM

The city is a participant with the cities of Kirkland, Federal Way, Renton, Seattle, Algona, Auburn, Kent, Pacific, Puyallup and Tukwila, Lake Washington School District, University of Washington, Bellevue College, Bellevue School District, King County Public Hospital District No. 2 doing business as Evergreen Healthcare and Valley Communications Center (Members) in a joint venture 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 Consortium 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, resulting in the amount each Member shall receive upon distribution.

The city's net investment in the Consortium is reported in the city's Statement of Net Position. The city's equity interest in the Consortium was \$121 at December 31, 2014.

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 54, 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 long-term receivables for low income home rehabilitation loans that are not in spendable form.

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 no committed fund balances.

Assigned: Special revenue funds are created by ordinance by City Council. Fund balance in special revenue funds that are intended to be used for specific purposes, but are neither restricted nor committed; include transfers from other funds, investment interest not constrained by contract or covenant, fees for services, and rents.

Unassigned: Unrestricted fund balance not committed or assigned in the General Fund is considered unassigned. Also negative fund balance in any other governmental fund is unassigned. The city only has 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 B & O taxes combined) below 5 percent for the biennium, or because of unfunded federal or state mandates. Fund balance reserves in the Development Services Fund contains reserves for various purposes: prepaid building plan review and inspection services, prepaid land use review, core staffing needs to balance the normal cycles of development, customer service enhancements, and funds to support the ongoing maintenance of the Permit Center. Fund balance reserves in the LEOFF1 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 Parks M&O 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 Council authorization. All other governmental funds ending fund balances are determined by council and adopted with the budget ordinance.

The following schedule presents governmental fund balances in accordance with the purposes for which those balances are constrained for the year ending December 31, 2014, in thousands.

City of Bellevue, Washington

GOVERNMENTAL FUND BALANCES
DECEMBER 31, 2014
(in thousands)

	General	Development Services	General CIP	Other Governmental Funds	Total Governmental Funds
Fund balance					
Nonspendable for:					
Prepays	\$ 391	\$ -	\$ -	\$ -	\$ 391
Total Nonspendable fund balance	391	-	-	-	391
Assigned for:					
Housing & community services	-	-	-	4,130	4,130
LEOFF1 retiree medical	-	-	-	6,720	6,720
Maintenance & operations of city property	980	-	-	-	980
Parks & open spaces	705	-	-	-	705
Permit review & inspection	-	6,160	-	-	6,160
Waste reduction & recycling	-	-	-	960	960
Council reserves	-	-	-	1,187	1,187
Performance management	-	-	-	69	69
Other	-	-	-	19	19
Total assigned fund balance	1,684	6,160	-	13,084	20,928
Restricted for:					
Arts & culture	-	-	384	-	384
CIP funding	-	-	15,797	-	15,797
Debt service	-	-	169	2,310	2,479
Environmental stewardship	-	-	-	6	6
Fire & emergency aid service	-	-	-	397	397
Housing & community services	-	-	-	3,202	3,202
LEOFF1 retiree medical	-	-	-	653	653
Maintenance & operations of city property	-	-	-	209	209
Parks & open spaces	-	-	1,555	7,165	8,720
Permit review & inspection	-	602	-	-	602
Police services	-	-	-	531	531
Transportation infrastructure	-	-	8,403	-	8,403
Transportation preservation & maintenance	-	-	-	211	211
Waste reduction & recycling	-	-	-	465	465
Water quality management	-	-	-	68	68
Convention center financing	-	-	-	154	154
Total restricted fund balance	-	602	26,308	15,370	42,279
Unassigned	25,978	-	-	-	25,978
Total unassigned fund balance	25,978	-	-	-	25,978
Fund Balance	<u>\$ 28,053</u>	<u>\$ 6,762</u>	<u>\$ 26,308</u>	<u>\$ 28,454</u>	<u>\$ 89,577</u>

Note 18: Prior Period Adjustment

In 2014, the city's investment in the Cascade Water Alliance (Alliance) was recorded in the Water Utility Fund in the Statement of Net Position Proprietary Funds as an asset totaling \$25,715. The adjustment resulted in an increase in beginning Net Position of \$17,786. The cumulative unrealized gain on investment of \$11,567 was recorded in the Statement of Revenue, Expenses, and Changes in Net Position Proprietary Funds.

Note 19: Subsequent Events

On April 28, 2015, the City issued \$97.9 million in limited tax general obligation (LTGO) and refunding bonds with an average coupon interest rate of 4.08% and a true interest cost (TIC) of 2.84%. Interest on the bonds will be paid semiannually on each June 1st and December 1st commencing on June 1, 2016. The bonds will mature from December 1, 2016 through December 1, 2034. The proceeds from the sale of the Bonds will be used to (i) finance, reimburse, or refinance a portion of the cost of the city's Capital Improvement Program Plan, including street, sidewalk, and other capital improvements; (ii) pay for the acquisition of certain real property; (iii) pay for improvements to the Meydenbauer Convention Center; (iv) refund a portion of the city's outstanding limited tax general obligation bonds to obtain the benefit of debt service savings; and (v) pay costs of issuance for the Bonds.

On April 20, 2015, City Council approved an amended MOU with Sound Transit related to the EastLink light rail line. The major revisions include an estimated \$8.9 million in utilities relocation costs and represents the city's share of total project costs. Sound Transit will pay \$16.4 million in permit review fees and is expected to be received in 2015. Impact fees to the city from Sound Transit were reduced from \$14.5 million to \$8.6 million due to additional property transfers to the city. Impact fee payment is expected in approximately October 2015. The potential liability of the city of up to \$60 million was eliminated, which results in the elimination of the City Council CIP contingency.



**REQUIRED
SUPPLEMENTARY INFORMATION**

City of Bellevue, Washington

**Schedule of Required Supplementary Information
Firefighter's Pension Fund
Schedule of Changes in the City's Net Pensions Liability and Related Ratios**

Last Ten Fiscal Years

(Dollar amounts in thousands)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Total pension liability ¹										
Service cost (Entry Age Normal Cost)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	143	176	175	223	222	288	288	269	271	309
Changes of benefit terms	-									
Differences between expected and actual experience	16	(889)	84	(1,351)	58	579	8	400	(110)	(331)
Changes of assumptions										
Benefit payments, including refunds of member contributions	(201)	(221)	(259)	(214)	(279)	(297)	(295)	(277)	(161)	(162)
Net change in total pension liability	(42)	(935)	-	(1,343)	-	570	-	391	-	(184)
Total pension liability--beginning	4,192	5,127	5,127	6,470	6,470	5,900	5,900	5,509	5,509	5,693
Total pension liability--ending (a)	<u>\$ 4,150</u>	<u>\$ 4,192</u>	<u>\$ 5,127</u>	<u>\$ 5,127</u>	<u>\$ 6,470</u>	<u>\$ 6,470</u>	<u>\$ 5,900</u>	<u>\$ 5,900</u>	<u>\$ 5,509</u>	<u>\$ 5,509</u>
Plan fiduciary net position										
Contributions - employer	\$ 208	\$ 196	\$ 181	\$ 188	\$ 180	\$ 173	\$ 176	\$ 159	\$ 147	\$ 130
Contributions - member	-	-	-	-	-	-	-	-	-	-
Net investment income	67	0	7	129	47	134	230	388	274	145
Benefit payments	(201)	(221)	(259)	(214)	(279)	(297)	(295)	(277)	(161)	(162)
Administrative expense	(11)	(13)	0	-	-	-	-	-	(12)	(4)
Other	-		17	-	-	-	-	-	-	-
Net change in plan fiduciary net position	63	(38)	(53)	102	(53)	10	111	270	248	110
Plan fiduciary net position --beginning	6,682	6,719	6,773	6,671	6,723	6,713	6,603	6,332	6,084	5,974
Plan fiduciary net position--ending (b)	<u>\$ 6,745</u>	<u>\$ 6,682</u>	<u>\$ 6,720</u>	<u>\$ 6,773</u>	<u>\$ 6,671</u>	<u>\$ 6,723</u>	<u>\$ 6,713</u>	<u>\$ 6,603</u>	<u>\$ 6,332</u>	<u>\$ 6,084</u>
City's net pension liability (asset)-ending (a) - (b)	<u>\$ (2,594)</u>	<u>\$ (2,490)</u>	<u>\$ (1,592)</u>	<u>\$ (1,646)</u>	<u>\$ (201)</u>	<u>\$ (254)</u>	<u>\$ (814)</u>	<u>\$ (703)</u>	<u>\$ (824)</u>	<u>\$ (575)</u>
Plan fiduciary net position as a percentage of the total pension liability	162.51%	159.38%	131.06%	132.10%	103.11%	103.92%	113.79%	111.91%	114.95%	110.45%
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ 91	\$ 91	\$ 85	\$ 82	\$ 76	\$ 76
City's net pension liability (asset) as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	-220.83%	-278.63%	-953.48%	-854.99%	-1083.67%	-759.19%

Notes to Schedule:

¹Prior 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
FIREFIGHTER'S PENSION FUND
SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years
(Dollar amounts in thousands)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Actuarially determined contribution ¹	\$ -									
Contributions in relation to the actuarially determined contribution	208	196	181	188	180	173	176	159	147	130
Contribution deficiency (excess)	<u>\$ 208</u>	<u>\$ 196</u>	<u>\$ 181</u>	<u>\$ 188</u>	<u>\$ 180</u>	<u>\$ 173</u>	<u>\$ 176</u>	<u>\$ 159</u>	<u>\$ 147</u>	<u>\$ 130</u>
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ 91	\$ 91	\$ 85	\$ 82	\$ 76	\$ 76
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	197.30%	189.66%	206.36%	193.30%	194.06%	171.21%

Notes to Schedule:

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

Methods and assumptions used to determined 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	5 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	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.

¹Please note that 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
FIREFIGHTER'S PENSION FUND
SCHEDULE OF INVESTMENT RETURNS
 Last Ten Fiscal Years
 (Dollar amounts in thousands)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Annual money-weighted rate of return, net of investment expense	1.01%	0.01%	0.36%	1.93%	0.71%	2.02%	3.52%	6.19%	4.51%	2.44%

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYEMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS**

For the Fiscal Year Ended December 31, 2014

(Dollar amounts in thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities Unit Credit	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
December 31, 2009	\$ -	\$ 36,230	\$ 36,230	0.0%	\$ 1,654	2190.5%
December 31, 2010	-	50,836	50,836	0.0%	1,090	4663.9%
December 31, 2011	-	50,729	50,729	0.0%	1,031	4918.6%
December 31, 2012	-	50,593	50,593	0.0%	971	5212.1%
December 31, 2013	-	54,543	54,543	0.0%	974	5601.1%
December 31, 2014	-	49,675	49,675	0.0%	760	6540.0%

**OTHER POST EMPLOYEMENT BENEFITS
SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES**

For the Fiscal Year Ended December 31, 2014

(Dollar amounts in thousands)

Year Ended December 31	Annual OPEB Cost	Employer Contribution	Percentage of OPEB Cost Contributed	NET OPEB Obligation
2009	\$ 2,281	\$ 1,574	69.00%	\$ 2,297
2010	3,013	1,817	60.31%	3,493
2011	2,625	1,854	70.63%	4,265
2012	2,899	1,556	53.67%	5,608
2013	2,690	1,614	60.00%	6,685
2014	2,803	1,789	63.82%	7,699

**Schedule of Modified Approach for Reporting Infrastructure Assets
For the Fiscal Year Ended December 31, 2014**

ROADWAYS

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

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>2014</u>	<u>2013</u>	<u>2012</u>
Arterial:			
Percent above satisfactory	89%	88%	86%
Overall performance rating:	79	78	76
Residential:			
Percent above satisfactory	99%	99%	99%
Overall performance rating:	87	87	87

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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Arterial:					
Needed:	\$ 4,143	\$ 4,492	\$ 4,772	\$ 3,896	\$ 2,314
Actual:	4,381	2,453	4,877	2,745	1,993
Residential:					
Needed:	\$ 981	\$ 901	\$ 69	\$ 750	\$ 3,610
Actual:	-	756	71	628	2,977

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

City of Bellevue, Washington

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual
 For the Fiscal Year Ended December 31, 2014
 (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	\$ 123,409	\$ 123,409	\$ 129,825	\$ (6,416)
Licenses and permits	451	451	509	(59)
Intergovernmental	17,101	17,150	16,398	753
Service charges and fees	20,641	20,641	20,737	(96)
Fines and forfeitures	1,158	1,158	1,071	88
Interest and assessment interest	70	70	40	30
Net change in fair value of investments	-	-	31	(31)
Rent	1,345	1,345	1,581	(236)
Other	1,627	1,627	240	1,386
Total revenues	<u>165,802</u>	<u>165,852</u>	<u>170,433</u>	<u>(4,581)</u>
Expenditures				
Current:				
General government	19,221	19,148	19,657	(509)
Public safety	84,063	84,084	83,911	173
Physical environment	1,006	1,006	1,029	(23)
Transportation	27,443	27,443	27,290	153
Economic environment	4,214	4,315	4,087	229
Health and human services	2,598	2,598	2,486	112
Culture and recreation	26,082	26,082	26,342	(260)
Debt service:				
Interest and fiscal charges	-	-	1	(1)
Capital outlay:				
Public safety	-	-	12	(12)
Transportation	1	1	4	(3)
Total expenditures	<u>164,628</u>	<u>164,678</u>	<u>164,819</u>	<u>(141)</u>
Excess (deficiency) of revenues over (under) expenditures	1,174	1,174	5,613	(4,440)
Other financing sources(uses)				
Transfers in	3,133	3,133	1,711	1,422
Transfers out	(4,056)	(4,056)	(4,257)	201
Total other financing sources(uses)	<u>(923)</u>	<u>(923)</u>	<u>(2,546)</u>	<u>1,623</u>
Net change in fund balance	252	252	3,067	(2,817)
Fund balance beginning of year	<u>20,451</u>	<u>20,451</u>	<u>23,094</u>	<u>(2,643)</u>
Fund balance end of year	<u>\$ 20,702</u>	<u>\$ 20,702</u>	<u>\$ 26,161</u>	<u>\$ (5,460)</u>

City of Bellevue, Washington

Human Services Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual
 For the Fiscal Year Ended December 31, 2014
 (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	\$ 2,824	\$ 2,824	\$ 2,948	\$ (125)
Intergovernmental	1,221	1,221	1,047	175
Service charges and fees	-	-	3	(3)
Interest and assessment interest	5	5	4	1
Net change in fair value of investments	-	-	3	(3)
Premiums/contributions	10	10	15	(5)
Total revenues	<u>4,061</u>	<u>4,061</u>	<u>4,020</u>	<u>40</u>
Expenditures				
Current:				
Health and human services	4,164	4,164	4,249	(85)
Total expenditures	<u>4,164</u>	<u>4,164</u>	<u>4,249</u>	<u>(85)</u>
Excess (deficiency) of revenues over (under) expenditures	(103)	(103)	(229)	125
Other financing sources(uses)				
Transfers in	132	132	-	132
Total other financing sources(uses)	<u>132</u>	<u>132</u>	<u>-</u>	<u>132</u>
Net change in fund balance	29	29	(229)	257
Fund balance beginning of year	340	340	369	(29)
Fund balance end of year	<u>\$ 369</u>	<u>\$ 369</u>	<u>\$ 140</u>	<u>\$ 228</u>

Land Purchase Revolving Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual
 For the Fiscal Year Ended December 31, 2014
 (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	\$ -	\$ -	\$ 2	\$ (2)
Interest and assessment interest	-	-	7	(7)
Net change in fair value of investments	-	-	1	(1)
Rent	1,604	1,604	1,852	(247)
Other	-	-	3	(3)
Total revenues	<u>1,604</u>	<u>1,604</u>	<u>1,865</u>	<u>(260)</u>
Expenditures				
Current:				
General government	905	905	828	78
Transportation	-	-	2	(2)
Culture and recreation	511	511	792	(281)
Total expenditures	<u>1,417</u>	<u>1,417</u>	<u>1,622</u>	<u>(205)</u>
Excess (deficiency) of revenues over (under) expenditures	188	188	242	(55)
Other financing sources(uses)				
Transfers in	-	-	37	(37)
Sale of capital assets	-	-	26	(26)
Total other financing sources(uses)	<u>-</u>	<u>-</u>	<u>63</u>	<u>(63)</u>
Net change in fund balance	188	188	305	(118)
Fund balance beginning of year	<u>473</u>	<u>473</u>	<u>685</u>	<u>(211)</u>
Fund balance end of year	<u>\$ 661</u>	<u>\$ 661</u>	<u>\$ 990</u>	<u>\$ (329)</u>

City of Bellevue, Washington

Franchise Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual
 For the Fiscal Year Ended December 31, 2014
 (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	\$ 1,932	\$ 1,932	\$ 430	\$ 1,503
Interest and assessment interest	6	6	2	4
Net change in fair value of investments	-	-	6	(6)
Total revenues	<u>1,938</u>	<u>1,938</u>	<u>437</u>	<u>1,501</u>
Expenditures				
Current:				
General government	55	55	-	55
Transportation	53	53	84	(31)
Economic environment	<u>397</u>	<u>397</u>	<u>354</u>	<u>43</u>
Total expenditures	<u>505</u>	<u>505</u>	<u>438</u>	<u>67</u>
Excess (deficiency) of revenues over (under) expenditures	1,433	3,569	(2,175)	5,744
Other financing sources(uses)				
Transfers in	1	1	1	-
Transfers out	<u>(1,432)</u>	<u>(1,432)</u>	-	<u>(1,432)</u>
Total other financing sources(uses)	<u>(1,431)</u>	<u>(1,431)</u>	<u>1</u>	<u>(1,432)</u>
Net change in fund balance	2	2	-	2
Fund balance beginning of year	<u>1</u>	<u>1</u>	<u>(4)</u>	<u>5</u>
Fund balance end of year	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ (4)</u>	<u>\$ 7</u>

City of Bellevue, Washington

Parks Fees Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual
 For the Fiscal Year Ended December 31, 2014
 (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	\$ 4,212	\$ 4,212	\$ 3,662	\$ 550
Interest and assessment interest	41	41	11	30
Net change in fair value of investments	-	-	4	(4)
Rent	1,824	1,824	1,785	39
Other	11	11	-	11
Total revenues	<u>6,089</u>	<u>6,089</u>	<u>5,462</u>	<u>626</u>
Current:				
Culture and recreation	<u>5,625</u>	<u>5,625</u>	<u>5,656</u>	<u>(31)</u>
Total expenditures	<u>5,625</u>	<u>5,625</u>	<u>5,656</u>	<u>(31)</u>
Excess (deficiency) of revenues over (under) expenditures	464	464	(194)	657
Other financing sources(uses)				
Transfers in	71	71	69	2
Transfers out	<u>(1,180)</u>	<u>(1,180)</u>	-	<u>(1,180)</u>
Total other financing sources(uses)	<u>(1,109)</u>	<u>(1,109)</u>	<u>69</u>	<u>(1,178)</u>
Net change in fund balance	(645)	(645)	(124)	(521)
Fund balance beginning of year	<u>2,078</u>	<u>2,078</u>	<u>890</u>	<u>1,188</u>
Fund balance end of year	<u>\$ 1,433</u>	<u>\$ 1,433</u>	<u>\$ 766</u>	<u>\$ 667</u>

Development Services Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual
 For the Fiscal Year Ended December 31, 2014
 (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	\$ -	\$ -	\$ 28	\$ (28)
Licenses and permits	7,894	7,894	8,736	(843)
Service charges and fees	7,601	7,601	8,546	(945)
Fines and forfeitures	15	15	-	15
Interest and assessment interest	93	93	91	2
Net change in fair value of investments	-	-	19	(19)
Other	-	-	3	(3)
Total revenues	<u>15,603</u>	<u>15,603</u>	<u>17,423</u>	<u>(1,821)</u>
Expenditures				
Current:				
General government	-	-	54	(54)
Economic environment	18,633	18,633	18,324	310
Capital outlay:				
Economic environment	26	26	-	26
Total expenditures	<u>18,659</u>	<u>18,659</u>	<u>18,377</u>	<u>282</u>
Excess (deficiency) of revenues over (under) expenditures	(3,057)	(3,057)	(954)	(2,103)
Other financing sources(uses)				
Transfers in	3,733	3,733	3,638	95
Transfers out	(170)	(170)	(288)	118
Total other financing sources(uses)	<u>3,563</u>	<u>3,563</u>	<u>3,350</u>	<u>213</u>
Net change in fund balance	507	507	2,396	(1,890)
Fund balance beginning of year	<u>4,512</u>	<u>4,512</u>	<u>4,366</u>	<u>146</u>
Fund balance end of year	<u>\$ 5,019</u>	<u>\$ 5,019</u>	<u>\$ 6,762</u>	<u>\$ (1,744)</u>

Notes to the Required Supplementary Information

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, Franchise Fund, Land Purchase Revolving Fund, and Parks Fees Fund. These are separately adopted funds in the budget ordinance.



**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 I members.

The Park Maintenance and Operations 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 Recycling 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 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.

Balance Sheet
Governmental Funds
 As of December 31, 2014
 (in thousands)

	<u>Special Revenue</u>			
	<u>LEOFF I Reserve</u>	<u>Parks M & O Reserve</u>	<u>Solid Waste Recycling</u>	<u>Hotel/ Motel Tax</u>
Assets:				
Cash & equity in pooled investments	\$ 7,377	\$ 6,416	\$ 1,136	\$ 35
Receivables (net of allowances):				
Taxes	-	1	-	1,193
Accounts	-	-	326	-
Current assessments	-	-	-	-
Interest & penalties on assessments	-	-	-	-
Interest	15	12	2	-
Interfund loans receivable	-	-	-	-
Due from other governments	-	-	-	-
Housing rehabilitation loans receivable	-	-	-	-
Total assets	<u>7,393</u>	<u>6,430</u>	<u>1,464</u>	<u>1,228</u>
Liabilities:				
Accounts payable	20	-	34	-
Interfund loans payable	-	-	-	-
Due to component unit	-	-	-	1,074
Accrued payroll	-	-	6	-
Deposits payable	-	-	-	-
Total liabilities	<u>20</u>	<u>-</u>	<u>40</u>	<u>1,074</u>
Deferred Inflows				
Unavailable revenue	-	1	-	-
Total deferred inflows	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows	<u>20</u>	<u>1</u>	<u>40</u>	<u>1,074</u>
Fund balance:				
Restricted	653	6,429	465	154
Assigned	6,720	-	960	-
Total fund balance	<u>7,372</u>	<u>6,429</u>	<u>1,425</u>	<u>154</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 7,393</u>	<u>\$ 6,430</u>	<u>\$ 1,464</u>	<u>\$ 1,228</u>

Balance Sheet
Governmental Funds
 As of December 31, 2014
 (in thousands)

	<u>Special Revenue</u>		<u>Total Special Revenue Funds</u>
	<u>Operating Grants Donations & Special Reserves</u>	<u>Housing</u>	
Assets:			
Cash & equity in pooled investments	\$ 3,461	\$ 4,122	\$ 22,547
Receivables (net of allowances):			
Taxes	-	17	1,211
Accounts	82	-	408
Current assessments	-	-	-
Interest & penalties on assessments	-	-	-
Interest	7	8	44
Interfund loans receivable	-	-	-
Due from other governments	324	-	324
Housing rehabilitation loans receivable	3,148	-	3,148
Total assets	<u>7,021</u>	<u>4,147</u>	<u>27,682</u>
Liabilities:			
Accounts payable	67	-	120
Interfund loans payable	-	-	-
Due to component unit	-	-	1,074
Accrued payroll	25	17	48
Deposits payable	1	-	1
Total liabilities	<u>93</u>	<u>17</u>	<u>1,244</u>
Deferred Inflows			
Unavailable revenue	294	-	295
Total deferred inflows	<u>294</u>	<u>-</u>	<u>295</u>
Total liabilities and deferred inflows	<u>386</u>	<u>17</u>	<u>1,539</u>
Fund balance:			
Restricted	5,360	-	13,060
Assigned	1,275	4,130	13,084
Total fund balance	<u>6,635</u>	<u>4,130</u>	<u>26,144</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 7,021</u>	<u>\$ 4,147</u>	<u>\$ 27,682</u>

Balance Sheet
Governmental Funds
 As of December 31, 2014
 (in thousands)

	<u>Debt Service</u>			<u>Total Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>I & D</u>	<u>LID</u>	<u>LID</u>		
	<u>Redemption- Regular</u>				
Assets:					
Cash & equity in pooled investments	\$ 1,216	\$ 878	\$ 143	\$ 2,236	\$ 24,783
Receivables (net of allowances):					
Taxes	53	-	-	53	1,264
Accounts	-	-	-	-	408
Current assessments	-	593	-	593	593
Interest & penalties on assessments	-	13	-	13	13
Interest	2	2	-	4	49
Interfund loans receivable	-	-	9	9	9
Due from other governments	-	-	-	-	324
Housing rehabilitation loans receivable	-	-	-	-	3,148
Total assets	<u>1,271</u>	<u>1,485</u>	<u>152</u>	<u>2,908</u>	<u>30,590</u>
Liabilities:					
Accounts payable	-	-	-	-	120
Interfund loans payable	-	9	-	9	9
Due to component unit	-	-	-	-	1,074
Accrued payroll	-	-	-	-	48
Deposits payable	-	-	-	-	1
Total liabilities	<u>-</u>	<u>9</u>	<u>-</u>	<u>9</u>	<u>1,253</u>
Deferred Inflows					
Unavailable revenue	-	589	-	589	884
Total deferred inflows	<u>-</u>	<u>589</u>	<u>-</u>	<u>589</u>	<u>884</u>
Total liabilities and deferred inflows	<u>-</u>	<u>598</u>	<u>-</u>	<u>598</u>	<u>2,137</u>
Fund balance:					
Restricted	1,271	887	152	2,310	15,370
Assigned	-	-	-	-	13,084
Total fund balance	<u>1,271</u>	<u>887</u>	<u>152</u>	<u>2,310</u>	<u>28,454</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 1,271</u>	<u>\$ 1,485</u>	<u>\$ 152</u>	<u>\$ 2,908</u>	<u>\$ 30,590</u>

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds**

For the Year Ended December 31, 2014
(in thousands)

	Special Revenue			
	LEOFF I Reserve	Park M & O Reserve	Solid Waste Recycling	Hotel/ Motel Tax
Revenues:				
Taxes and special assessments	\$ -	\$ 624	\$ -	\$ 8,975
Intergovernmental	35	-	317	-
Service charges and fees	-	-	735	-
Fines and forfeitures	-	-	-	-
Interest and penalties	61	43	9	25
Net change in fair value of investments	28	13	3	23
Premiums/contributions	-	-	-	-
Other	-	-	103	-
Total revenues	124	681	1,167	9,023
Expenditures:				
Current:				
General government	-	-	-	11,552
Public safety	1,822	-	-	-
Physical environment	-	-	939	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Health and human services	-	-	-	-
Culture and recreation	-	-	-	-
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay:				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Total expenditures	1,822	-	939	11,552
Excess (deficiency) of revenues over (under) expenditures	(1,698)	681	228	(2,529)
Other financing sources (uses):				
Transfers in	-	-	1	-
Transfers out	-	(43)	-	(1,400)
Total other financing sources (uses)	-	(43)	1	(1,400)
Net change in fund balance	(1,698)	638	229	(3,929)
Fund balance at beginning of year	9,070	5,791	1,195	4,082
Fund balance:				
Restricted	653	6,429	465	154
Assigned	6,720	-	960	-
Fund balance at end of year	\$ 7,372	\$ 6,429	\$ 1,425	\$ 154

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds**

For the Year Ended December 31, 2014
(in thousands)

Page 2 of 3

	<u>Special Revenue</u>		<u>Total Special Revenue Funds</u>
	<u>Operating Grants Donations & Special Reserves</u>	<u>Housing</u>	
Revenues:			
Taxes and special assessments	\$ -	\$ 83	\$ 9,682
Intergovernmental	3,339	410	4,101
Service charges and fees	62	-	797
Fines and forfeitures	3	-	3
Interest and penalties	22	28	188
Net change in fair value of investments	3	9	79
Premiums/contributions	417	-	417
Other	288	-	391
Total revenues	4,134	529	15,658
Expenditures:			
Current:			
General government	7	-	11,559
Public safety	1,591	-	3,413
Physical environment	215	-	1,153
Transportation	15	-	15
Economic environment	27	-	27
Health and human services	688	441	1,129
Culture and recreation	230	-	230
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay:			
General government	179	-	179
Public safety	90	-	90
Physical environment	6	-	6
Total expenditures	3,047	441	17,801
Excess (deficiency) of revenues over (under) expenditures	1,087	88	(2,142)
Other financing sources (uses):			
Transfers in	-	316	318
Transfers out	(142)	-	(1,585)
Total other financing sources (uses)	(142)	316	(1,267)
Net change in fund balance	945	405	(3,410)
Fund balance at beginning of year	5,690	3,725	29,553
Fund balance:			
Restricted	5,360	-	13,060
Assigned	1,275	4,130	13,084
Fund balance at end of year	\$ 6,635	\$ 4,130	\$ 26,144

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
 For the Year Ended December 31, 2014
 (in thousands)

	Debt Service			Total Debt Service Funds	Total Nonmajor Governmental Funds
	I & D Redemption- Regular	LID Control	LID Guaranty		
Revenues:					
Taxes and special assessments	\$ 561	\$ 351	\$ -	\$ 912	\$ 10,595
Intergovernmental	-	-	-	-	4,101
Service charges and fees	-	-	-	-	797
Fines and forfeitures	-	-	-	-	3
Interest and penalties	12	40	1	54	241
Net change in fair value of investments	2	-	-	2	82
Premiums/contributions	-	-	-	-	417
Other	-	-	-	-	391
Total revenues	576	391	1	969	16,627
Expenditures:					
Current:					
General government	-	-	-	-	11,559
Public safety	-	-	-	-	3,413
Physical environment	-	-	-	-	1,153
Transportation	-	18	-	18	33
Economic environment	-	-	-	-	27
Health and human services	-	-	-	-	1,129
Culture and recreation	-	-	-	-	230
Principal	6,337	10	-	6,347	6,347
Interest and fiscal charges	9,420	1	-	9,421	9,421
Capital outlay:					
General government	-	-	-	-	179
Public safety	-	-	-	-	90
Physical environment	-	-	-	-	6
Total expenditures	15,757	29	-	15,786	33,587
Excess (deficiency) of revenues over (under) expenditures	(15,181)	363	1	(14,817)	(16,960)
Other financing sources (uses):					
Transfers in	15,247	-	-	15,247	15,565
Transfers out	-	-	-	-	(1,585)
Total other financing sources (uses)	15,247	-	-	15,247	13,980
Net change in fund balance	66	363	1	430	(2,980)
Fund balance at beginning of year	1,204	524	151	1,879	31,433
Fund balance:					
Restricted	1,271	887	152	2,310	15,370
Assigned	-	-	-	-	13,084
Fund balance at end of year	\$ 1,271	\$ 887	\$ 152	\$ 2,310	\$ 28,454

City of Bellevue, Washington

LEOFF Medical Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual
 For the Fiscal Year Ended December 31, 2014
 (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	\$ -	\$ -	\$ 35	\$ (35)
Interest and assessment interest	416	416	61	355
Net change in fair value of investments	-	-	28	(28)
Total revenues	<u>416</u>	<u>416</u>	<u>124</u>	<u>292</u>
Expenditures				
Current:				
Public safety	<u>1,627</u>	<u>1,627</u>	<u>1,822</u>	<u>(195)</u>
Total expenditures	<u>1,627</u>	<u>1,627</u>	<u>1,822</u>	<u>(195)</u>
Net change in fund balance	(1,211)	(1,211)	(1,698)	487
Fund balance beginning of year	<u>10,948</u>	<u>10,948</u>	<u>9,070</u>	<u>1,879</u>
Fund balance end of year	<u>\$ 9,738</u>	<u>\$ 9,738</u>	<u>\$ 7,372</u>	<u>\$ 2,366</u>

Parks M&O Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual
 For the Fiscal Year Ended December 31, 2014
 (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	\$ 625	\$ 625	\$ 624	\$ 1
Interest and assessment interest	48	48	43	5
Net change in fair value of investments	-	-	13	(13)
Total revenues	<u>673</u>	<u>673</u>	<u>681</u>	<u>(7)</u>
Excess (deficiency) of revenues over (under) expenditures	673	673	681	(7)
Other financing sources(uses)				
Transfers out	<u>(43)</u>	<u>(43)</u>	<u>(43)</u>	<u>-</u>
Total other financing sources(uses)	<u>(43)</u>	<u>(43)</u>	<u>(43)</u>	<u>-</u>
Net change in fund balance	630	630	638	(7)
Fund balance beginning of year	<u>6,097</u>	<u>6,097</u>	<u>5,791</u>	<u>306</u>
Fund balance end of year	<u>\$ 6,727</u>	<u>\$ 6,727</u>	<u>\$ 6,429</u>	<u>\$ 299</u>

Solid Waste Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual
 For the Fiscal Year Ended December 31, 2014
 (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	\$ 323	\$ 323	\$ 317	\$ 6
Service charges and fees	611	611	735	(124)
Interest and assessment interest	11	11	9	2
Net change in fair value of investments	-	-	3	(3)
Other	-	-	103	(103)
Total revenues	<u>945</u>	<u>945</u>	<u>1,167</u>	<u>(222)</u>
Expenditures				
Current:				
Physical environment	<u>1,003</u>	<u>1,003</u>	<u>939</u>	<u>64</u>
Total expenditures	<u>1,003</u>	<u>1,003</u>	<u>939</u>	<u>64</u>
Excess (deficiency) of revenues over (under) expenditures	(58)	(58)	228	(286)
Other financing sources(uses)				
Transfers in	<u>2</u>	<u>2</u>	<u>1</u>	<u>-</u>
Total other financing sources(uses)	<u>2</u>	<u>2</u>	<u>1</u>	<u>-</u>
Net change in fund balance	(56)	(56)	229	(286)
Fund balance beginning of year	<u>669</u>	<u>669</u>	<u>1,195</u>	<u>(527)</u>
Fund balance end of year	<u>\$ 612</u>	<u>\$ 612</u>	<u>\$ 1,425</u>	<u>\$ (813)</u>

Hotel/Motel Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual
 For the Fiscal Year Ended December 31, 2014
 (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	\$ 8,726	\$ 8,726	\$ 8,975	\$ (249)
Interest and assessment interest	61	61	25	36
Net change in fair value of investments	-	-	23	(23)
Total revenues	<u>8,787</u>	<u>8,787</u>	<u>9,023</u>	<u>(236)</u>
Expenditures				
Current:				
General government	<u>7,326</u>	<u>7,326</u>	<u>11,552</u>	<u>(4,226)</u>
Total expenditures	<u>7,326</u>	<u>7,326</u>	<u>11,552</u>	<u>(4,226)</u>
Excess (deficiency) of revenues over (under) expenditures	1,461	1,461	(2,529)	3,990
Other financing sources(uses)				
Transfers out	<u>(1,400)</u>	<u>(1,400)</u>	<u>(1,400)</u>	<u>-</u>
Total other financing sources(uses)	<u>(1,400)</u>	<u>(1,400)</u>	<u>(1,400)</u>	<u>-</u>
Net change in fund balance	61	61	(3,929)	3,990
Fund balance beginning of year	<u>4,079</u>	<u>4,079</u>	<u>4,082</u>	<u>3,990</u>
Fund balance end of year	<u>\$ 4,140</u>	<u>\$ 4,140</u>	<u>\$ 154</u>	<u>\$ 7,980</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, 2014
 (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	\$ 9,958	\$ 2,275	\$ 723	\$ 4,798
Receivables (net of allowances):				
Accounts	-	-	-	-
Interest	19	4	1	9
Other	3	-	-	-
Due from other governments	1	-	-	-
Inventory	557	-	-	-
Total current assets	<u>10,538</u>	<u>2,279</u>	<u>725</u>	<u>4,807</u>
Noncurrent assets:				
Capital assets (net)	14,420	-	-	-
Total noncurrent assets	<u>14,420</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>24,958</u>	<u>2,279</u>	<u>725</u>	<u>4,807</u>
Liabilities:				
Current liabilities:				
Accounts payable	128	30	39	576
Estimated claims	-	1,046	39	704
Due to other governments	1	-	-	-
Accrued payroll	105	-	-	21
Accrued compensated absences	45	-	-	9
Liabilities payable from restricted assets:				
Customer deposits	-	-	-	-
Retainage payable	-	-	-	-
Total current liabilities	<u>278</u>	<u>1,076</u>	<u>78</u>	<u>1,310</u>
Noncurrent liabilities:				
Accrued compensated absences	105	-	-	21
Estimated claims	-	914	-	1,063
Total noncurrent liabilities	<u>105</u>	<u>914</u>	<u>-</u>	<u>1,084</u>
Total liabilities	<u>383</u>	<u>1,990</u>	<u>78</u>	<u>2,394</u>
Net position:				
Net investment in capital assets	14,420	-	-	-
Other	-	-	-	-
Unrestricted	10,155	289	647	2,413
Total net position	<u>\$ 24,575</u>	<u>\$ 289</u>	<u>\$ 647</u>	<u>\$ 2,413</u>

Combining Statement of Fund Net Position
Internal Service Funds
 As of December 31, 2014
 (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	\$ 5,108	\$ 6,922	\$ 2,702	\$ 32,486
Receivables (net of allowances):				
Accounts	-	48	1	49
Interest	9	13	5	61
Other	-	-	-	3
Due from other governments	-	-	-	1
Inventory	-	-	-	557
Total current assets	<u>5,116</u>	<u>6,983</u>	<u>2,707</u>	<u>33,157</u>
Noncurrent assets:				
Capital assets (net)	-	32	2,410	16,862
Total noncurrent assets	<u>-</u>	<u>32</u>	<u>2,410</u>	<u>16,862</u>
Total assets	<u>5,116</u>	<u>7,015</u>	<u>5,118</u>	<u>50,019</u>
Liabilities:				
Current liabilities:				
Accounts payable	119	170	323	1,385
Estimated claims	1,134	-	-	2,923
Due to other governments	-	-	1	2
Accrued payroll	8	404	101	639
Accrued compensated absences	4	207	40	305
Liabilities payable from restricted assets:				
Customer deposits	-	-	3	3
Retainage payable	-	20	51	71
Total current liabilities	<u>1,266</u>	<u>801</u>	<u>519</u>	<u>5,328</u>
Noncurrent liabilities:				
Accrued compensated absences	10	483	93	712
Estimated claims	-	-	-	1,977
Total noncurrent liabilities	<u>10</u>	<u>483</u>	<u>93</u>	<u>2,689</u>
Total liabilities	<u>1,275</u>	<u>1,283</u>	<u>613</u>	<u>8,017</u>
Net position:				
Net investment in capital assets	-	12	2,359	16,792
Other	-	-	3	3
Unrestricted	3,841	5,720	2,143	25,208
Total net position	<u>\$ 3,841</u>	<u>\$ 5,732</u>	<u>\$ 4,505</u>	<u>\$ 42,003</u>

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

For the Year Ended December 31, 2014
(in thousands)

	<u>Equipment Rental</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self-Insurance</u>
Operating revenues:				
Service charges and fees	\$ 9,508	\$ -	\$ -	\$ -
Rent	-	-	-	-
Insurance recovery	-	-	-	177
Premiums/contributions	-	1,649	348	2,805
Other	30	65	-	1
Total operating revenues	<u>9,538</u>	<u>1,714</u>	<u>348</u>	<u>2,983</u>
Operating expenses:				
Administrative and general	616	108	-	947
Maintenance and operations	5,507	6	-	1
Depreciation	3,823	-	-	-
Insurance costs	-	155	-	685
Benefits and claims payments	-	1,049	114	1,258
Total operating expenses	<u>9,945</u>	<u>1,318</u>	<u>114</u>	<u>2,891</u>
Operating income (loss)	(407)	396	233	92
Nonoperating revenues (expenses):				
Interest income	65	16	4	31
Net change in fair value of investments	24	5	1	8
Gain on disposal of capital assets	35	-	-	-
Other nonoperating revenues	54	-	-	-
Total nonoperating revenue (expenses)	<u>179</u>	<u>21</u>	<u>5</u>	<u>39</u>
Income before contributions and transfers	(228)	417	238	131
Special items, contributions and transfers:				
Transfers in	623	-	-	187
Transfers out	(591)	(174)	(6)	(1)
Capital contributed from external sources	-	-	-	-
Total special items, contributions and transfers	<u>32</u>	<u>(174)</u>	<u>(6)</u>	<u>186</u>
Change in net position	(196)	243	232	317
Net position beginning of year	24,771	45	415	2,096
Net position end of year	<u>\$ 24,575</u>	<u>\$ 289</u>	<u>\$ 647</u>	<u>\$ 2,413</u>

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

For the Year Ended December 31, 2014
(in thousands)

Page 2 of 2

	Health Benefits	Information Technology	Facilities Services	Total
Operating revenues:				
Service charges and fees	\$ -	\$ 13,256	\$ 329	\$ 23,092
Rent	-	-	6,199	6,199
Insurance recovery	2,747	-	-	2,924
Premiums/contributions	20,986	-	678	26,465
Other	3	15	4	118
Total operating revenues	23,736	13,270	7,210	58,799
Operating expenses:				
Administrative and general	3,047	2,255	513	7,486
Maintenance and operations	-	11,034	5,493	22,040
Depreciation	-	852	146	4,820
Insurance costs	2,356	-	-	3,195
Benefits and claims payments	15,456	-	-	17,876
Total operating expenses	20,858	14,141	6,151	55,418
Operating income (loss)	2,878	(871)	1,059	3,381
Nonoperating revenues (expenses):				
Interest income	25	51	17	208
Net change in fair value of investments	7	17	1	63
Gain on disposal of capital assets	-	-	-	35
Other nonoperating revenues	-	-	-	54
Total nonoperating revenue (expenses)	31	68	18	361
Income before contributions and transfers	2,909	(803)	1,077	3,742
Special items, contributions and transfers:				
Transfers in	-	335	419	1,564
Transfers out	(1,435)	(197)	(186)	(2,591)
Capital contributed from external sources	-	-	446	446
Total special items, contributions and transfers	(1,435)	138	679	(580)
Change in net position	1,474	(665)	1,756	3,162
Net position beginning of year	2,367	6,397	2,749	38,841
Net position end of year	\$ 3,841	\$ 5,732	\$ 4,505	\$ 42,003

Combining Statement of Cash Flows
Internal Service Funds
 For the Year Ended December 31, 2014
 (in thousands)

	<u>Equipment Rental</u>	<u>Worker's Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self-Insurance</u>
Cash flows from operating activities:				
Cash received from customers and users	\$ 9,567	\$ -	\$ -	\$ -
Contributions received - employer/employee	-	1,649	348	2,982
Cash payments to suppliers for goods & services	(4,249)	(99)	(8)	(388)
Cash payments to employees for services	(2,434)	(4)	-	(548)
Cash payments to claimants	-	(1,175)	(121)	(819)
Cash received from contracts/rent	-	-	-	-
Cash payments for insurance	-	(155)	-	(685)
Other receipts	30	65	-	1
Net cash provided (used) by operating activities	<u>2,914</u>	<u>281</u>	<u>219</u>	<u>543</u>
Cash flows from noncapital financing activities:				
Transfers in	623	-	-	187
Transfers out	(591)	(174)	(6)	(1)
Cash received from non-operating revenues	79	-	-	-
Net cash provided (used) by noncapital financing activities:	<u>111</u>	<u>(174)</u>	<u>(6)</u>	<u>186</u>
Cash flows from capital & related financing activities:				
Acquisition and construction of capital assets	(2,650)	-	-	-
Proceeds from sale of assets	87	-	-	-
Net cash provided (used) by capital financing activities	<u>(2,563)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Proceeds from sales and maturates of investmer	-	-	-	-
Interest on investments	63	21	4	37
Net cash provided (used) by investing activities	<u>63</u>	<u>21</u>	<u>4</u>	<u>37</u>
Net increase (decrease) in cash balance	525	128	217	766
Cash and equity in pooled investments balance beginning of year	<u>9,433</u>	<u>2,147</u>	<u>506</u>	<u>4,032</u>
Cash and equity in pooled investments balance end of year	<u>\$ 9,958</u>	<u>\$ 2,275</u>	<u>\$ 723</u>	<u>\$ 4,798</u>

Combining Statement of Cash Flows
Internal Service Funds
 For the Year Ended December 31, 2014
 (in thousands)

	Health Benefits	Information Technology	Facilities Services	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ -	\$ 13,250	\$ 679	\$ 23,496
Contributions received - employer/employees	23,733	-	-	28,712
Cash payments to suppliers for goods & services	(2,921)	(12,942)	(3,731)	(24,338)
Cash payments to employees for services	(203)	(204)	(2,272)	(5,665)
Cash payments to claimants	(15,364)	-	-	(17,479)
Cash received from contracts/rent	-	-	6,528	6,528
Cash payments for insurance	(2,356)	-	-	(3,196)
Other receipts	3	15	4	118
Net cash provided (used) by operating activities	<u>2,892</u>	<u>119</u>	<u>1,208</u>	<u>8,176</u>
Cash flows from noncapital financing activities:				
Transfers in	-	335	419	1,564
Transfers out	(1,435)	(197)	(186)	(2,590)
Cash received from non-operating revenues	-	-	1	80
Net cash provided (used) by noncapital financing activities:	<u>(1,435)</u>	<u>138</u>	<u>234</u>	<u>(946)</u>
Cash flows from capital & related financing activities:				
Acquisition and construction of capital assets	-	(142)	(401)	(3,193)
Proceeds from sale of assets	-	-	-	87
Net cash provided (used) by capital financing activities	<u>-</u>	<u>(142)</u>	<u>(401)</u>	<u>(3,106)</u>
Cash flows from investing activities:				
Proceeds from sales and maturates of investments	-	-	-	-
Interest on investments	29	66	15	235
Net cash provided (used) by investing activities	<u>29</u>	<u>66</u>	<u>15</u>	<u>235</u>
Net increase (decrease) in cash balance	1,486	181	1,056	4,359
Cash and equity in pooled investments balance beginning of year	<u>3,622</u>	<u>6,741</u>	<u>1,647</u>	<u>28,128</u>
Cash and equity in pooled investments balance end of year	<u>\$ 5,108</u>	<u>\$ 6,922</u>	<u>\$ 2,703</u>	<u>\$ 32,487</u>

Combining Statement of Cash Flows
Internal Service Funds
 For the Year Ended December 31, 2014
 (in thousands)

	<u>Equipment Rental</u>	<u>Worker's 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)	\$ (407)	\$ 396	\$ 233	\$ 92
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	3,823	-	-	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	-	-	-
(Increase) decrease in other receivables	59	-	-	-
(Increase) decrease in inventory	(534)	-	-	-
Increase (decrease) in accounts payable	(2)	12	(7)	48
Increase (decrease) in retainage payable	-	-	-	-
Increase (decrease) in wages & benefits paya	2	-	-	(4)
Increase (decrease) in compensated absence	(27)	-	-	(32)
Increase (decrease) in estimated claims paya	-	(127)	(7)	439
Total adjustments	<u>3,321</u>	<u>(115)</u>	<u>(14)</u>	<u>451</u>
Net cash provided (used) by operating activities	<u>\$ 2,914</u>	<u>\$ 281</u>	<u>\$ 219</u>	<u>\$ 543</u>
Non-cash investing, capital and financing activities:				
Increase (decrease) in fair value of investments	\$ (24)	\$ (5)	\$ (1)	\$ (8)

Combining Statement of Cash Flows
Internal Service Funds
 For the Year Ended December 31, 2014
 (in thousands)

	Health Benefits	Information Technology	Facilities Services	Total
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 2,878	\$ (871)	\$ 1,059	\$ 3,381
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	-	852	146	4,821
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	(5)	1	(4)
(Increase) decrease in other receivables	-	-	-	59
(Increase) decrease in inventory	-	-	-	(534)
Increase (decrease) in accounts payable	(75)	(74)	14	(85)
Increase (decrease) in retainage payable	-	20	28	48
Increase (decrease) in wages & benefits payable	-	93	(26)	65
Increase (decrease) in compensated absences	(3)	104	(14)	28
Increase (decrease) in estimated claims payable	92	-	-	397
Total adjustments	14	990	149	4,795
Net cash provided (used) by operating activities	\$ 2,892	\$ 119	\$ 1,208	\$ 8,176
Non-cash investing, capital and financing activities:				
Increase (decrease) in fair value of investments	\$ (7)	\$ (17)	\$ (1)	\$ (163)



AGENCY FUNDS

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

Agency 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 Narcotics 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.

The **Payroll Clearing Fund** accounts for payment of employee salaries and withheld deductions. Monies are transferred to this fund from funds recording related payroll expenditures and are subsequently disbursed through issuance of payroll warrants.

Combining Statement of Fund Net Position
Agency Funds
 As of December 31, 2014
 (in thousands)

	<u>eCityGov Alliance</u>	<u>Connectivity Consortium</u>	<u>Eastside NARC Task Force</u>	<u>Hazardous Materials</u>
Assets:				
Cash & equity in pooled investments	\$ 477	\$ 124	\$ 668	\$ 500
Receivables (net of allowances):				
Interest	1	-	1	1
Due from other governments	145	-	-	18
Capital assets (net)	-	-	81	22
Total assets	<u>622</u>	<u>124</u>	<u>750</u>	<u>541</u>
Liabilities:				
Accounts payable	6	3	89	6
Due to other governments	616	121	448	535
Deposits payable	-	-	213	-
Total liabilities	<u>622</u>	<u>124</u>	<u>750</u>	<u>541</u>
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Combining Statement of Fund Net Position
Agency Funds
 As of December 31, 2014
 (in thousands)

	<u>ARCH Housing Coalition</u>	<u>Payroll Clearing</u>	<u>Total</u>
Assets:			
Cash & equity in pooled investments	\$ 4,667	\$ 64	\$ 6,501
Receivables (net of allowances):			
Interest	9	-	12
Due from other governments	729	3	894
Capital assets (net)	-	-	103
Total assets	<u>5,405</u>	<u>67</u>	<u>7,510</u>
Liabilities:			
Accounts payable	4	47	155
Due to other governments	5,402	-	7,122
Deposits payable	-	20	233
Total liabilities	<u>5,405</u>	<u>67</u>	<u>7,510</u>
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Combing Statement of Changes in Assets and Liabilities
Agency Funds
 For the Year Ended December 31, 2014
 (in thousands)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
eCityGov Alliance				
Assets:				
Cash & equity in pooled investments	\$ 183	\$ 1,542	\$ 1,248	\$ 477
Interest receivable	-	1	-	1
Due from other governments	<u>129</u>	<u>1,351</u>	<u>1,335</u>	<u>145</u>
Total assets	<u>\$ 312</u>	<u>\$ 2,894</u>	<u>\$ 2,584</u>	<u>\$ 622</u>
Liabilities:				
Accounts payable	\$ 17	\$ 22	\$ 33	\$ 6
Due to other governments	<u>295</u>	<u>1,530</u>	<u>1,210</u>	<u>616</u>
Total liabilities	<u>\$ 312</u>	<u>\$ 1,552</u>	<u>\$ 1,243</u>	<u>\$ 622</u>
Community Connectivity Consortium				
Assets:				
Cash & equity in pooled investments	\$ 69	\$ 92	\$ 37	\$ 124
Due from other governments	-	\$ 79	\$ 79	\$ -
Total assets	<u>\$ 69</u>	<u>\$ 171</u>	<u>\$ 116</u>	<u>\$ 124</u>
Liabilities:				
Accounts payable	\$ 3	\$ 3	\$ 3	\$ 3
Due to other governments	<u>66</u>	<u>88</u>	<u>33</u>	<u>121</u>
Total liabilities	<u>\$ 69</u>	<u>\$ 91</u>	<u>\$ 36</u>	<u>\$ 124</u>
Eastside NARC Task Force				
Assets:				
Cash & equity in pooled investments	\$ 387	\$ 1,240	\$ 959	\$ 668
Interest receivable	1	1	1	1
Capital assets (net)	<u>118</u>	<u>3</u>	<u>40</u>	<u>81</u>
Total assets	<u>\$ 506</u>	<u>\$ 1,243</u>	<u>\$ 1,000</u>	<u>\$ 750</u>
Liabilities:				
Accounts payable	\$ 39	\$ 93	\$ 43	\$ 89
Due to other governments	361	562	475	448
Deposits payable	<u>106</u>	<u>1,018</u>	<u>911</u>	<u>213</u>
Total liabilities	<u>\$ 506</u>	<u>\$ 1,673</u>	<u>\$ 1,429</u>	<u>\$ 750</u>

Combing Statement of Changes in Assets and Liabilities
Agency Funds
 For the Year Ended December 31, 2014
 (in thousands)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Hazardous Materials				
Assets:				
Cash & equity in pooled investments	\$ 465	\$ 96	\$ 60	\$ 500
Interest receivable	1	1	1	1
Due from other governments	18	12	12	18
Capital assets (net)	28	-	6	22
Total assets	<u>\$ 512</u>	<u>\$ 109</u>	<u>\$ 80</u>	<u>\$ 541</u>
Liabilities:				
Accounts payable	\$ 6	\$ 6	\$ 6	\$ 6
Due to other governments	506	84	55	535
Total liabilities	<u>\$ 512</u>	<u>\$ 90</u>	<u>\$ 61</u>	<u>\$ 541</u>
ARCH Housing Coalition				
Assets:				
Cash & equity in pooled investments	\$ 2,397	\$ 3,013	\$ 743	\$ 4,667
Interest receivable	4	9	4	9
Due from other governments	162	1,609	1,042	729
Prepaid expenses	1	-	1	-
Total assets	<u>\$ 2,565</u>	<u>\$ 4,631</u>	<u>\$ 1,791</u>	<u>\$ 5,405</u>
Liabilities:				
Accounts payable	\$ 4	\$ 4	\$ 4	\$ 4
Due to other governments	2,560	3,828	986	5,402
Total liabilities	<u>\$ 2,564</u>	<u>\$ 3,832</u>	<u>\$ 990</u>	<u>\$ 5,405</u>
Payroll Clearing				
Assets:				
Cash & equity in pooled investments	\$ 73	\$ 172,515	\$ 172,523	\$ 64
Due from other governments	3	-	-	3
Total assets	<u>\$ 76</u>	<u>\$ 172,515</u>	<u>\$ 172,523</u>	<u>\$ 67</u>
Liabilities:				
Accounts payable	\$ 56	\$ 175,830	\$ 175,839	\$ 47
Deposits Payable	20	-	-	20
Total liabilities	<u>\$ 76</u>	<u>\$ 175,830</u>	<u>\$ 175,839</u>	<u>\$ 67</u>

Combing Statement of Changes in Assets and Liabilities
Agency Funds
 For the Year Ended December 31, 2014
 (in thousands)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Total Agency Funds				
Assets:				
Cash & equity in pooled investments	\$ 3,574	\$ 178,498	\$ 175,571	\$ 6,501
Interest receivable	6	12	6	12
Due from other governments	312	3,052	2,468	894
Prepaid expenses	1	-	1	-
Capital assets (net)	146	2	46	103
Total assets	<u>\$ 4,039</u>	<u>\$ 181,564</u>	<u>\$ 178,093</u>	<u>\$ 7,510</u>
Liabilities:				
Accounts payable	\$ 125	\$ 175,959	\$ 175,928	\$ 155
Due to other governments	3,788	6,093	2,760	7,122
Deposits payable	126	1,018	911	233
Total Liabilities	<u>\$ 4,039</u>	<u>\$ 183,069</u>	<u>\$ 179,599</u>	<u>\$ 7,510</u>





STATISTICAL SECTION

Table 1

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(in thousands)

Year	Governmental Activities				Business-type Activities				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
2005	\$ 1,454,592	\$ 12,959	\$ 107,341	\$1,574,892	\$ 199,195	\$ 28,251	\$ 29,262	\$ 256,708	\$ 1,653,787	\$ 41,210	\$ 136,603	\$ 1,831,600
2006	1,477,820	4,193	135,917	1,617,930	202,227	45,917	32,264	280,408	1,680,047	50,110	168,181	1,898,338
2007	1,539,131	13,601	117,310	1,670,042	213,099	52,272	37,526	302,897	1,752,230	65,873	154,836	1,972,939
2008	1,484,941	21,519	108,884	1,615,344	229,344	60,750	39,112	329,206	1,714,285	82,269	147,996	1,944,550
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

Notes

- 1) All amounts are reported on the accrual basis. As of 2012, certain activities have been reclassified to deferred inflows and deferred outflows.
- 2) As of 2012, GASB Statement 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 ^{(A)(B)}
Last Ten Fiscal Years
(in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities										
General government	\$ 15,900	\$ 15,471	\$ 24,712	\$ 29,573	\$ 29,641	\$ 25,557	\$ 36,450	\$ 36,392	\$ 28,354	\$ 31,948
Judicial	430	378	-	-	-	-	-	-	-	-
Public safety	64,269	68,781	73,617	80,253	78,373	79,818	79,163	82,822	84,074	85,734
Physical environment	1,852	1,564	2,200	2,449	1,952	1,801	1,813	1,642	2,892	2,249
Transportation	27,480	31,769	26,449	29,372	25,853	30,413	29,711	27,761	29,147	30,925
Economic environment	14,875	17,207	20,737	22,940	21,785	20,177	18,720	19,037	20,768	23,336
Health and human services	5,320	4,841	5,943	6,834	7,914	7,401	8,195	11,511	7,414	7,596
Culture and recreation	27,826	31,395	34,166	37,926	37,818	36,643	34,948	38,452	39,448	39,776
Interest on long-term debt	7,034	7,734	7,796	7,150	7,294	7,262	7,817	7,910	8,691	8,978
Total governmental activities	164,986	179,140	195,620	216,497	210,630	209,072	216,818	225,526	220,788	230,542
Business-type activities										
Water	25,928	26,604	29,206	27,887	30,074	33,798	34,897	38,708	41,218	46,886
Sewer	27,925	27,868	31,817	31,734	35,091	34,755	39,571	41,089	44,099	44,780
Storm & surface water	8,327	8,717	9,179	9,146	9,967	9,668	10,661	10,950	11,208	11,764
Marina	406	314	443	440	353	312	261	277	232	273
Total business-type activities	62,586	63,503	70,645	69,207	75,485	78,533	85,390	91,024	96,757	103,703
Total primary government expenses	<u>\$ 227,572</u>	<u>\$ 242,643</u>	<u>\$ 266,265</u>	<u>\$ 285,704</u>	<u>\$ 286,115</u>	<u>\$ 287,605</u>	<u>\$ 302,208</u>	<u>\$ 316,550</u>	<u>\$ 317,545</u>	<u>\$ 334,245</u>
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 794	\$ 968	\$ 1,333	\$ 2,068	\$ 4,042	\$ 3,151	\$ 9,743	\$ 3,904	\$ 3,764	\$ 3,686
Public safety	14,118	12,031	15,682	16,969	15,501	15,346	16,178	18,568	16,874	16,553
Transportation	812	2,937	1,993	1,345	882	721	1,071	1,930	1,940	6,391
Economic environment	9,912	14,716	12,597	16,334	11,830	9,165	8,564	11,311	12,545	17,296
Culture and recreation	4,940	5,435	6,927	8,039	7,875	8,078	8,922	8,873	9,186	9,183
Other activities	1,351	1,304	1,065	1,430	1,445	1,466	1,458	1,309	1,118	1,280
Operating grants and contributions	5,100	4,798	6,760	6,815	8,796	9,196	8,423	8,188	7,851	7,585
Capital grants and contributions	29,266	21,250	22,280	4,328	7,984	2,550	6,563	3,919	5,136	13,373
Total governmental activities program revenues	66,293	63,439	68,637	57,328	58,355	49,673	60,922	58,003	58,413	75,346

CHANGES IN NET POSITION ^{(A)(B)}
Last Ten Fiscal Years
(in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities										
Charges for Services										
Water	28,497	31,570	31,844	31,538	33,960	35,645	37,253	41,686	48,417	52,181
Sewer	30,085	33,267	35,493	36,056	39,545	42,534	46,304	47,202	51,270	53,359
Storm & surface water	10,947	13,270	13,194	14,442	14,788	16,138	16,383	16,730	18,872	20,446
Marina	457	450	498	489	507	497	538	564	575	585
Operating grants and contributions	-	-	105	-	-	-	-	-	-	-
Capital grants and contributions	3,649	4,307	6,541	6,967	5,002	7,155	3,575	4,693	5,141	7,619
Total business-type activities program revenues	73,635	82,864	87,675	89,492	93,802	101,969	104,054	110,875	124,275	134,190
Total primary government program revenues	\$139,928	\$146,303	\$156,312	\$146,820	\$152,157	\$151,642	\$164,976	\$168,878	\$182,688	209,537
Net (Expense)/Revenue										
Governmental activities	(98,693)	(115,701)	(126,985)	(159,170)	(152,274)	(159,398)	(155,896)	(167,523)	(162,375)	(155,195)
Business-type activities	11,049	19,361	17,028	20,285	18,319	23,435	18,664	19,851	27,518	30,487
Total primary government net expense	\$ (87,644)	\$ (96,340)	\$ (109,957)	\$ (138,885)	\$ (133,955)	\$ (135,963)	\$ (137,232)	\$ (147,673)	\$ (134,857)	\$ (124,708)
General Revenues and Other Changes in Net Assets										
Governmental activities										
Taxes										
Property tax	\$ 27,062	\$ 27,637	\$ 28,981	\$ 28,859	\$ 34,854	\$ 35,364	\$ 36,337	\$ 37,538	\$ 38,302	\$ 38,379
Retail sales and use tax	45,300	48,946	56,776	53,141	45,119	44,984	46,357	48,596	53,072	59,278
Utility tax	19,333	24,324	20,069	24,103	24,012	25,071	25,941	25,813	28,103	26,790
Business and occupation tax	24,322	31,528	30,387	30,051	26,141	25,103	25,753	27,492	28,783	34,856
Excise tax	13,620	12,933	27,254	6,594	6,258	10,521	6,680	13,646	12,090	14,665
Hotel/motel tax	4,299	5,839	6,647	6,724	5,332	6,095	6,776	7,469	9,176	8,975
Other tax	261	292	225	238	175	598	515	476	446	590
Payments from component unit	23	16	9	23	117	133	31	20	10	10
Grants and contributions - unrestricted	1,357	1,264	1,419	1,398	1,861	1,553	1,450	1,700	1,258	1,424
Unrestricted investment interest	4,147	5,188	7,128	5,284	3,252	1,479	1,458	630	884	962
Gain (loss) in change of fair value of investments	285	556	38	637	(582)	(477)	547	(83)	(801)	417
Miscellaneous	1,201	328	125	740	582	(659)	2,293	357	484	721
Gain (loss) on sale of capital assets	1,418	57	144	1,391	(75)	339	310	328	285	61
Transfers	672	(170)	(51)	406	(254)	(527)	(134)	(561)	(366)	(246)
Total governmental activities	230,944	255,078	289,108	298,474	280,747	285,540	154,314	163,423	171,725	186,882

CHANGES IN NET POSITION ^{(A)(B)}
Last Ten Fiscal Years
(in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities										
Unrestricted investment interest	1,211	2,578	3,795	2,991	1,874	1,254	1,529	757	924	1,213
Gain (loss) in change of fair value of investments	95	282	20	197	(373)	(462)	542	167	(911)	11,947
Miscellaneous	552	1,278	1,593	1,164	811	811	953	1,519	1,556	979
Gain (loss) on sale of capital assets	-	33	-	98	6	-	-	-	3	236
Transfers	(672)	170	51	(406)	254	527	134	561	366	246
Total business-type activities	1,186	4,341	5,459	4,044	2,572	2,129	3,158	3,003	1,937	14,622
Total primary government	<u>\$ 232,130</u>	<u>\$ 259,419</u>	<u>\$ 294,567</u>	<u>\$ 302,518</u>	<u>\$ 283,319</u>	<u>\$ 287,669</u>	<u>\$ 157,473</u>	<u>\$ 166,425</u>	<u>\$ 173,663</u>	<u>\$ 201,504</u>
Change in Net Position										
Governmental activities	\$ 44,607	\$ 43,037	\$ 420	\$ 7,314	\$ (5,482)	\$ (9,822)	\$ (1,582)	\$ (4,101)	\$ 9,351	\$ 31,687
Business-type activities	12,235	23,702	24,329	22,361	20,891	25,565	21,823	22,854	29,455	45,109
Total primary government	<u>\$ 56,842</u>	<u>\$ 66,739</u>	<u>\$ 24,749</u>	<u>\$ 29,675</u>	<u>\$ 15,409</u>	<u>\$ 15,743</u>	<u>\$ 20,241</u>	<u>\$ 18,753</u>	<u>\$ 38,806</u>	<u>\$ 76,796</u>

Notes

- A.) All amounts are reported on the accrual basis.
- B.) As of 2012, GASB Statement 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
(in thousands)

Fiscal Year	Total Taxes	General Property Taxes	General Sales Taxes	Utility Taxes	Business and Occupation Taxes	LFR Local Option Sales and Use Tax	Excise Taxes	Other Taxes and Assessments (A)	Memo Only Hotel/Motel Tax (B)
2005	\$ 129,898	\$ 27,062	\$ 45,300	\$ 19,333	\$ 24,322	\$ -	\$ 13,620	\$ 261	\$ 4,299
2006	145,660	27,637	48,946	24,324	31,528	-	12,933	292	5,839
2007	163,692	28,981	56,776	20,069	30,387	-	27,254	225	6,647
2008	143,436	28,859	53,141	24,103	30,501	-	6,594	238	6,724
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

Notes

- A.) Includes miscellaneous tax revenue and special assessments
- B.) 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 and passes it directly through.

FUND BALANCES OF GOVERNMENTAL FUNDS ^(A)
Last Ten Fiscal Years
(in thousands)

Fiscal Year	General Fund			All other Governmental Funds			Total
	Reserved	Unreserved	Total	Reserved	Unreserved, reported in special revenue funds	Unreserved, reported in capital projects funds	
2005	\$ -	\$ 17,173	\$ 17,173	\$ 12,274	\$ 52,401	\$ 1,549	\$ 66,224
2006	-	19,906	19,906	4,193	48,109	25,698	78,000
2007	-	25,603	25,603	2,777	47,536	10,834	61,147
2008	-	15,094	15,094	6,436	50,645	15,082	72,163
2009	-	16,149	16,149	2,305	42,645	14,448	59,398

FUND BALANCES OF GOVERNMENTAL FUNDS ^(A)
Last Ten Fiscal Years
(in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund					
Nonspendable for:					
Prepays	\$ -	\$ -	\$ 406	\$ 408	\$ 391
Total nonspendable fund balance	<u>-</u>	<u>-</u>	<u>406</u>	<u>408</u>	<u>391</u>
Assigned for:					
Housing and community services	771	-	-	-	-
Maintenance & operations of city property	991	1,180	1,454	701	980
Parks & open spaces	1,193	-	-	873	705
Total assigned fund balance	<u>2,955</u>	<u>1,180</u>	<u>1,454</u>	<u>1,575</u>	<u>1,684</u>
Restricted for:					
Housing and community services	-	567	-	-	-
Operation & maintenance city property	-	-	114	-	-
Total restricted fund balance	<u>-</u>	<u>567</u>	<u>114</u>	<u>-</u>	<u>-</u>
Unassigned	<u>18,112</u>	<u>20,873</u>	<u>20,873</u>	<u>23,051</u>	<u>25,978</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>
Fund Balance - General fund	<u>\$ 21,067</u>	<u>\$ 22,620</u>	<u>\$ 22,847</u>	<u>\$ 25,034</u>	<u>\$ 28,053</u>

FUND BALANCES OF GOVERNMENTAL FUNDS ^(A)
Last Ten Fiscal Years
(in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Other Governmental Funds					
Assigned for:					
Arts and culture	10	280	-	290	-
CIP funding	3,727	1,031	5,726	-	-
Debt service	1,782	1,705	2,177	-	-
Environmental stewardship	9	37	-	-	-
Fire and emergency aid service	-	-	335	-	-
Housing and community services	5,300	4,342	3,308	3,725	4,130
LEOFF1 retiree medical	13,082	11,539	10,094	8,383	6,720
Maintenance & operations of city property	-	5	-	-	-
Parks & open spaces	7,360	4,899	580	676	-
Permit review and inspection	-	-	1,687	4,367	6,160
Police services	424	422	-	-	-
Transportation infrastructure	-	243	-	-	-
Transportation planning	1,598	-	-	-	-
Transportation preservation & maintenance	1,124	-	864	-	-
Waste reduction & recycling	470	521	835	-	-
Water quality management	659	412	-	1,100	960
General government property acquisition	1,588	1,453	-	-	-
Community development	-	162	-	-	-
Council reserves	-	-	-	1,187	1,187
Performance management	-	-	-	69	69
Other	1,785	1,090	1,992	-	19
Total assigned fund balance	<u>37,131</u>	<u>27,051</u>	<u>25,606</u>	<u>19,796</u>	<u>19,244</u>

FUND BALANCES OF GOVERNMENTAL FUNDS ^(A)
Last Ten Fiscal Years
(in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Restricted for:					
Arts and culture	3	-	-	-	384
CIP funding	-	-	-	49,414	15,797
Commuting alternatives	15	12	-	-	-
Debt service	85	6	10	1,879	2,479
Environmental stewardship	-	-	-	-	6
Fire and emergency aid service	-	-	-	125	397
Housing and community services	-	-	3,102	3,203	3,202
Information systems	-	23	-	-	-
LEOFF1 retiree medical	703	728	678	687	653
Maintenance & operations of city property	-	-	-	681	209
Parks & open spaces	3,889	8,801	13,971	10,697	8,720
Permit review and inspection	7,968	5,111	3,277	-	602
Police services	-	13	24	489	531
Transportation infrastructure	-	-	-	1,159	8,403
Transportation planning	930	-	-	-	-
Transportation preservation & maintenance	7,533	-	-	-	211
Waste reduction & recycling	483	367	327	96	465
Water quality management	81	-	496	13	68
General government property acquisition	-	-	681	-	-
Convention center financing	3,233	3,213	3,124	4,082	154
Total restricted fund balance	<u>24,923</u>	<u>18,274</u>	<u>25,690</u>	<u>72,524</u>	<u>42,279</u>
Fund Balance - other governmental funds	<u>\$ 62,054</u>	<u>\$ 45,325</u>	<u>\$ 51,296</u>	<u>\$ 92,320</u>	<u>\$ 61,523</u>

FUND BALANCES OF GOVERNMENTAL FUNDS ^(A)

Last Ten Fiscal Years
(in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental Funds					
Nonspendable for:					
Prepays	\$ -	\$ -	\$ 406	\$ 408	\$ 391
Total nonspendable fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>408</u>	<u>391</u>
Assigned for:					
Arts & culture	10	280	-	290	-
CIP funding	3,727	1,031	5,726	-	-
Debt service	1,782	1,705	2,177	-	-
Environmental stewardship	9	37	-	-	-
Fire & emergency aid service	-	-	335	-	-
Housing & community services	6,071	4,342	3,308	3,725	4,130
LEOFF1 retiree medical	13,082	11,539	10,094	8,383	6,720
Maintenance & operations of city property	991	1,185	1,454	701	980
Parks & open spaces	7,360	4,899	580	1,549	705
Permit review & inspection	-	-	1,687	4,366	6,160
Police services	424	422	-	-	-
Transportation infrastructure	-	243	-	-	-
Transportation planning	1,598	-	-	-	-
Transportation preservation & maintenance	1,124	-	864	-	-
Waste reduction & recycling	470	521	835	-	-
Water quality management	659	412	-	1,100	960
General government property acquisition	1,588	1,453	-	-	-
Community development	-	162	-	-	-
Council reserves	-	-	-	1,187	1,187
Performance management	-	-	-	69	69
Other	1,785	1,090	1,992	-	19
Total assigned fund balance	<u>40,678</u>	<u>29,321</u>	<u>29,052</u>	<u>21,369</u>	<u>20,928</u>

Table 4
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FUND BALANCES OF GOVERNMENTAL FUNDS (A)

Last Ten Fiscal Years
(in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Restricted for:					
Arts & culture	3	-	-	-	384
CIP funding	-	-	-	49,414	15,797
Commuting alternatives	15	12	-	-	-
Debt service	85	6	10	1,879	2,479
Environmental stewardship	-	-	-	-	6
Fire & emergency aid service	-	-	-	125	397
Housing & community services	-	567	3,102	3,203	3,202
Information systems	-	23	-	-	-
LEOFF1 retiree medical	703	728	678	687	653
Maintenance & operations of city property	-	-	114	681	209
Parks & open spaces	3,889	8,801	13,971	10,697	8,720
Permit review & inspection	7,968	5,111	3,277	-	602
Police services	-	13	24	489	531
Transportation infrastructure	-	-	-	1,159	8,403
Transportation planning	930	-	-	-	-
Transportation preservation & maintenance	7,533	-	-	-	211
Waste reduction & recycling	483	367	327	96	465
Water quality management	81	-	496	13	68
General government property acquisition	-	-	681	-	-
Convention center financing	3,233	3,213	3,124	4,082	154
Total restricted fund balance	<u>24,922</u>	<u>18,841</u>	<u>25,804</u>	<u>72,524</u>	<u>42,279</u>
Unassigned	<u>18,112</u>	<u>20,873</u>	<u>20,873</u>	<u>23,051</u>	<u>25,978</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>
Fund balance - governmental funds	<u>\$ 83,713</u>	<u>\$ 69,036</u>	<u>\$ 75,729</u>	<u>\$ 117,352</u>	<u>\$ 89,577</u>

Notes

- A.) All amounts are reported on the modified - accrual basis
- B.) Note: GASB Statement 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.

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (A)Last Ten Fiscal Years
(in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes and special assessments	\$134,369	\$149,428	\$177,113	\$150,084	\$142,698	\$147,820	\$148,773	\$163,104	\$169,498	\$184,380
Licenses and permits	4,439	7,140	5,198	8,972	6,411	4,850	4,606	5,478	4,718	9,246
Intergovernmental	28,213	32,439	34,946	31,670	31,469	26,978	27,430	29,912	26,462	31,196
Service charges and fees	19,715	24,819	26,101	26,906	25,747	23,973	24,541	28,708	33,263	37,392
Fines and forfeitures	329	174	532	489	71	1,238	2,650	1,865	1,168	1,073
Interest and penalties	3,113	3,500	5,135	3,703	2,445	1,014	1,058	455	715	755
Net change in fair value of investments	199	350	25	521	(388)	(308)	358	(146)	(639)	354
Rent	2,285	2,283	3,102	4,180	4,863	4,607	5,133	4,820	4,829	5,249
Judgements and settlements	534	4,766	1,431	25	46	-	-	-	-	-
Premiums and contributions	1,446	1,643	1,655	446	2,422	1,075	686	434	2,691	3,332
Other	1,202	394	295	796	678	248	921	306	876	843
Total revenues	195,844	226,936	255,533	227,792	216,462	211,497	216,156	234,936	243,581	273,821
Expenditures										
General government	24,211	25,329	25,410	25,364	25,075	26,074	24,781	25,024	27,231	32,376
Public safety	61,294	65,701	71,042	78,219	79,817	80,733	80,143	83,044	86,634	87,717
Physical environment	1,436	1,555	2,198	2,449	1,953	1,793	1,746	1,544	2,666	2,191
Transportation	24,886	29,806	29,173	32,957	28,479	29,793	30,625	32,258	31,461	34,678
Economic environment	15,248	17,263	20,463	22,718	21,798	20,043	18,726	18,882	21,065	23,283
Health and human services	4,932	4,845	6,357	7,226	7,782	7,533	8,383	8,328	7,609	7,864
Culture and recreation	24,729	28,319	30,924	35,035	34,489	33,751	33,269	35,446	37,927	37,762
Capital outlay	112,692	42,463	45,664	39,461	23,035	19,383	21,713	14,552	44,971	60,613
Debt service										
Principal	7,463	3,985	29,560	4,275	14,187	4,664	4,668	4,208	20,612	6,387
Interest and fiscal charges	7,136	7,834	7,855	7,468	7,306	7,386	7,866	7,150	8,987	9,532
Total expenditures	284,027	227,100	268,646	255,172	243,921	231,153	231,920	230,435	289,163	302,403

Table 5
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CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (A)
Last Ten Fiscal Years
(in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other Financing Sources (Uses)										
Transfers in	89,078	34,994	46,437	25,545	33,301	23,325	17,821	19,481	37,243	21,022
Transfers out	(88,052)	(34,457)	(45,211)	(24,980)	(29,602)	(11,534)	(16,734)	(16,901)	(35,964)	(20,241)
Proceeds from long-term debt	6,700	13,983	713	26,248	12,047	14,863	-	-	-	-
Refunding bonds issued	-	-	-	-	-	9,595	-	(107,854)	70,405	-
Payment to refunded bond escrow agent	-	-	-	-	-	(9,600)	-	107,854	-	-
Sale of capital assets	3,349	157	13	1,161	-	42	-	-	-	26
Premium on issuance of long-term debt	-	-	-	-	-	1,131	-	-	11,930	-
Total other financing sources (uses)	11,075	14,677	1,952	27,974	15,746	27,822	1,087	2,580	83,613	807
Net change in fund balance	\$10,911	\$1,564	(\$25,428)	\$515	(\$3,910)	\$12,058	(\$14,677)	\$7,081	\$38,032	(\$27,775)
Debt service as a percentage of noncapital expenditures	6.40%	16.78%	5.44%	9.73%	9.78%	9.78%	5.96%	5.26%	12.12%	6.58%

Notes

A.) All amounts are reported on the modified - accrual basis

Table 6

GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE ^(A)

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>LRF Local Option Sales and Use Tax</u>	<u>Other Taxes and Assessment ^(B)</u>	<u>Memo Only Hotel/Motel Tax ^(C)</u>
2005	\$ 129,231	\$ 27,157	\$ 45,300	\$ 19,452	\$ 23,427	\$ -	\$ 13,895	\$ 4,299
2006	142,800	27,672	48,946	21,356	31,606	-	13,220	5,839
2007	169,923	31,075	56,776	22,912	31,662	-	27,498	6,647
2008	142,772	28,815	53,141	23,910	30,106	-	6,799	6,724
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	163,104	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

Notes

- A.) All amounts are reported on the modified - accrual basis
- B.) Includes miscellaneous tax revenues and special assessments.
- C.) 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 and passes it directly to BCCA.

City of Bellevue, Washington

Table 7

TAXABLE SALES BY CATEGORY ^(A)
 Last Ten Fiscal Years
 (in thousands)

	2005 ^(B)	2006	2007	2008	2009	2010	2011	2012	2013	2014
Contracting	\$729,303	\$860,690	\$1,296,795	\$1,255,692	\$872,463	\$603,334	\$569,506	\$537,336	\$695,970	\$981,629
Manufacturing	62,885	64,765	86,303	84,773	70,537	77,831	73,089	62,910	66,172	74,024
Transportation, communications, and utilities	194,851	199,868	214,878	190,568	201,248	211,877	227,732	237,651	261,264	281,680
Finance, insurance, and real estate	160,305	176,983	174,893	148,801	149,680	130,987	129,894	141,318	148,445	145,878
Wholesale trade	342,940	331,433	394,954	418,040	360,308	302,105	301,079	317,937	336,048	345,609
Retail - building materials	125,398	134,002	137,004	120,234	106,555	101,484	98,429	103,783	114,651	122,930
Retail - general merchandise	196,058	206,931	206,399	188,755	189,052	196,797	197,946	201,437	217,414	216,008
Retail - food	62,765	71,979	75,024	77,748	76,879	82,700	80,515	91,170	96,819	98,556
Retail - automotive	861,607	920,511	970,929	794,053	720,411	756,742	783,644	865,344	937,893	1,002,045
Retail - apparel	402,790	443,022	483,921	423,738	384,063	405,998	447,179	486,211	496,795	482,848
Retail - furniture and accessories	430,400	445,270	442,037	411,884	381,491	350,641	325,897	380,545	312,593	336,678
Retail - restaurants	251,313	291,529	313,354	312,514	317,213	347,268	378,827	410,862	427,739	449,249
Retail - miscellaneous	327,865	383,313	392,523	392,992	368,757	395,200	417,755	447,389	463,937	497,860
Services - hotels	95,563	101,144	122,550	125,820	116,518	153,772	171,489	186,571	199,665	218,118
Services - business	300,434	321,741	440,246	435,092	301,306	328,008	360,918	339,930	395,436	479,356
Services - other	204,934	223,293	248,588	257,424	245,211	246,900	252,608	262,115	267,384	270,096
All other categories	1,036	1,660	1,320	1,567	2,064	1,245	1,004	1,414	1,170	1,162
Total sales	\$4,750,445	\$5,178,133	\$6,001,718	\$5,639,695	\$4,863,756	\$4,692,889	\$4,817,512	\$5,073,923	\$5,439,394	\$6,003,725

Source: WA St. Department of Revenue Quarterly Business Review reports

Notes

- A.) The city is prohibited by law from reporting individual sales tax payers.
- B.) Effective 2005, the Department of Revenue began reporting by NAICS code instead by SIC Code.

SALES TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

	2005	2006	2007	2008	2009 (E)	2010	2011	2012	2013	2014
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 (B)	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%
Transit - King County (METRO) (C)	0.800%	0.800%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%
King County Mental Health (D)	-	-	-	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%
Criminal Justice tax (0.10% total) (A)										
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)	0.400%	0.400%	0.400%	0.400%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%
Total Local Rate	1.900%	1.900%	2.000%	2.100%	2.100%	2.100%	2.100%	2.100%	2.100%	3.000%
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	0.969%	0.969%	1.069%	1.169%	1.169%	1.169%	1.169%	1.169%	1.169%	2.069%
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	8.800%	8.800%	8.900%	9.000%	9.500%	9.500%	9.500%	9.500%	9.500%	9.500%

SALES TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

- (A) 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 2014, the city's population was 134,400 and the County's population was 2,017,250. Bellevue represented 6.66 percent of the total population of King county and as such would receive 0.007 percent of this tax.
- (B) 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.
- (C) In 2006, voters approved a 0.10 percent sales tax increase for the Transit Now! Transportation package to benefit the expansion of the county's bus service. The tax is effective beginning in 2007.
- (D) Effective April 1st, 2008, voters approved a 0.10 percent sales tax increase for the King County Mental Health tax. This tax will benefit chemical dependency and mental health services.
- (E) Effective 4/1/09, Sound Transit increased portion of sales tax by five-tenths of one percent.

Sources:

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

Table 9

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY*
 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	Non-Taxable (A)			
2005	\$ 20,794,647	\$ 1,082,560	\$ 414,532	\$ 119,487	\$ 1,315,220	\$ 20,857,032	\$1.23	
2006	22,643,266	1,034,980	383,509	116,021	1,421,898	22,523,836	1.16	
2007	25,197,266	988,691	496,028	123,540	1,628,843	24,929,602	1.09	
2008	29,767,156	121,502	596,988	124,953	-	30,360,693	0.92	
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	

*Real, personal, and state public service property have been assessed at 100 percent of the estimated value.

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.

(A) Starting for the fiscal year 2008 nontaxable values are excluded for assessed taxable property values

Source: King County Assessor

Table 10

PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

Fiscal Year	City of Bellevue			School District	King County	Washington State	Port of Seattle	Other	Total
	Operating	Debt Service	Total Rate						
2005	\$ 1.16	\$ 0.07	\$ 1.23	\$ 1.89	\$ 1.38	\$ 2.70	\$ 0.25	\$ 0.76	\$ 8.21
2006	1.10	0.06	1.16	2.09	1.33	2.50	0.23	0.75	8.06
2007	1.04	0.05	1.09	2.09	1.29	2.33	0.23	0.71	7.74
2008	0.92	-	0.92	1.95	1.21	2.13	0.22	0.91	7.34
2009	0.94	-	0.94	1.87	1.10	1.96	0.27	0.76	6.90
2010	1.06	-	1.06	2.22	1.28	2.22	0.22	0.89	7.89
2011	1.13	-	1.13	2.73	1.34	2.28	0.22	0.99	8.69
2012	1.20	-	1.20	3.00	1.42	2.42	0.23	0.98	9.24
2013	1.18	-	1.18	3.25	1.54	2.57	0.23	1.01	9.77
2014	1.07	-	1.07	3.19	1.52	2.47	0.22	1.05	9.52

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 ten years ago

Rank	Taxpayer	Type of Business	2014		Rank	2005	
			2014 Assessed Valuation (in millions)	Percentage of Total Assessed Valuation ^(A)		2005 Assessed Valuation (in millions)	Percentage of Total Assessed Valuation ^(A)
1	Microsoft	Computer Software	\$ 679	1.91%	(B)	\$ -	0.00%
2	Kemper Development (Bellevue Square Managers INC)	Land Management	578	1.63%	2	272	1.14%
3	Urban Renaissance Group	Property management	381	1.07%	(B)	-	0.00%
4	Kilroy Realty (Three Bellevue Center LLC)	Property management	361	1.01%	6	361	1.51%
5	Boeing	Aerospace	306	0.86%	1	275	1.15%
6	FSP-City Center Plaza LLC (Cole Mt. Bellevue WA LLC)	Property management	298	0.84%	(B)	-	0.00%
7	Puget Sound Energy - Elec/Gas	Utility Services	292	0.82%	4	182	0.76%
8	Bellevue Place	Property management	265	0.75%	5	155	0.65%
9	AAT CC Bellevue LLC	Property management	192	0.54%	(B)	-	0.00%
10	Essex Property Trust	Property management	164	0.46%	9	80	0.34%
(B)	Spieker Properties	Real Estate Acquisition	(B)	0.00%	3	272	1.14%
(B)	Property Tax Department	Property management	(B)	0.00%	7	99	0.41%
(B)	National Tax Search	Property management	(B)	0.00%	8	92	0.38%
(B)	BRE Properties	Property management	(B)	0.00%	10	77	0.32%
			<u>\$ 3,516</u>	9.89%		<u>\$ 1,865</u>	7.79%

(A) 2014 assessed valuations for 2015 tax collection. Total 2014 assessed valuation, in millions, is \$ 35,567,817. Total 2005 assessed valuation , in millions, was 23,957

(B) Taxpayer was not a principal taxpayer in this period.

Source: King County Assessor

Table 12

PROPERTY TAX LEVIES AND COLLECTIONS
(in thousands)

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<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>
2005	\$ 27,214	\$ 27,214	100.0%	\$ 329	\$ 27,543	101.2%
2006	27,786	27,401	98.6%	384	27,786	100.0%
2007	28,973	28,631	98.8%	342	28,973	100.0%
2008	28,868	28,500	98.7%	367	28,867	100.0%
2009	35,130	34,664	98.7%	463	35,127	100.0%
2010	36,032	35,561	98.7%	466	36,028	100.0%
2011	36,470	36,078	98.9%	390	36,468	100.0%
2012	36,924	36,530	98.9%	363	36,893	99.9%
2013	38,337	37,888	98.8%	344	38,232	99.7%
2014	38,611	38,183	98.9%	138	38,321	99.2%

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

Notes:

1. The total tax levy is the certified tax levy adopted by City ordinance.
2. The amounts presented on this table include omits and levy changes in addition to collections.

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	Per capita
	General obligation bonds	Special assessments	Conditional purchase contracts	PWTF loans	Line of credit	General obligation bonds	Revenue bonds	PWTF loans			
2005	\$ 127,198	\$ 3,481	\$ 1,793	\$ 183	\$ 18,218	\$ 4,025	\$ 5,025	\$ 853	\$ 160,776	2.89%	\$ 1,392
2006	130,960	2,641	1,039	122	26,118	3,950	3,846	698	169,374	2.74%	1,441
2007	128,405	2,116	247	774	500	3,850	2,813	546	139,251	2.04%	1,173
2008	139,570	1,675	-	676	12,000	3,600	1,930	412	159,863	2.31%	1,332
2009	137,792	1,275	-	638	12,047	3,350	1,002	279	156,383	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	N/A ⁽¹⁾	1,655

Sources:

- 1) Bellevue Department of Planning and Community Development 2000 Population is based on the year 2010 Census figure released in March 2011.

Notes:

- 1) Personal Income data not available at time of printing.
- 2) Details regarding the city's outstanding debt can be found in the notes to the financial statements.
- 3) See Schedule of Demographic and Economic Statistics, Table 18, for personal income and population data.

Table 14

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

(in thousands, except per capita)

<u>Fiscal Year</u>	<u>GO Bonds</u>	<u>Less Debt Service Funds</u>	<u>Net Bonded Debt</u>	<u>Percentage of estimated actual taxable value of property^(A)</u>	<u>Net Bonded Debt per Capita^(B)</u>
2005	\$ 127,198	\$ 1,560	\$ 125,638	0.60%	\$ 1,088
2006	130,960	1,610	129,350	0.57%	1,100
2007	128,405	1,999	126,406	0.51%	1,065
2008	139,570	5,607	133,963	0.44%	1,117
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

(A) See table 9 for property value statistics

(B) See table 18 for population statistics

Table 15

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
(in thousands)

<u>Jurisdiction</u>	<u>Net Outstanding Debt</u>	<u>Percentage Applicable to Bellevue (B)</u>	<u>Amount Applicable to Bellevue</u>
City of Bellevue	\$ 220,682	100.00%	\$ 220,682
King County	845,708	10.61%	89,730
School District #405	667,550	79.66%	531,770
School District #414	445,325	1.07%	4,765
School District #403	288,010	2.76%	7,949
School District #411	366,330	12.78%	46,817
Port of Seattle	225,420	10.61%	23,917
Hospital District #2	179,385	0.05%	90
Rural Library District	119,055	18.09%	21,537
Fire District #10	4,815	6.69%	322
Issaquah Library Capital Facility Area	2,740	0.82%	22
Total other jurisdictions	3,144,338	23.12%	726,919
Total Direct and Overlapping Debt	<u>\$ 3,365,020</u>	<u>28.16%</u>	<u>\$ 947,601</u>

(A) Total general obligation bonds outstanding on December 31, 2014 exclusive of refunded bonds.

(B) Determined by ratio of 2014 assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in reporting unit.

Source: King County Department of Finance

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years
(in thousands)

	<u>Debt Limit</u>	<u>Total net debt applicable to limit</u>	<u>Legal debt margin</u>	<u>Total net debt applicable to the limit as a percentage of debt limit</u>
2005	\$ 1,796,739	\$ 184,880	\$ 1,611,859	10.29%
2006	1,995,872	186,820	1,809,052	9.36%
2007	2,354,687	150,079	2,204,608	6.37%
2008	2,821,998	168,529	2,653,469	5.97%
2009	2,551,417	187,526	2,363,891	7.35%
2010	2,405,906	196,897	2,209,009	8.18%
2011	2,323,305	190,186	2,133,119	8.19%
2012	2,450,772	187,585	2,263,187	7.65%
2013	2,450,772	217,512	2,233,260	8.88%
2014	2,702,324	222,044	2,480,280	8.22%

LEGAL DEBT MARGIN INFORMATION FOR FISCAL YEAR 2014
(in thousands)

Description	Councilmanic Debt (Non-Voted)	Voted Debt	General Purpose Indebtedness (B)	Excess Levy Open Space and Park	Excess Levy Utility Purposes	Total Debt Capacity
Assessed Value (A)	\$ 36,030,989	\$ 36,030,989	\$ 36,030,989	\$ 36,030,989	\$ 36,030,989	\$ 36,030,989
Statutory debt limit percentages:	1.50%	1.00%	2.50%	2.50%	2.50%	7.50%
Debt limit	<u>\$ 540,465</u>	<u>\$ 360,310</u>	<u>\$ 900,775</u>	<u>\$ 900,775</u>	<u>\$ 900,775</u>	<u>\$ 2,702,324</u>
Debt applicable to limit						
Bonds outstanding	\$ 220,204	\$ -	\$ 220,204	\$ -	\$ -	\$ 220,204
Capital Lease BCCA -1991	3,056	-	3,056	-	-	3,056
Less:						
Cash on hand for debt redemption (C)	1,216	-	1,216	-	-	1,216
Delinquent taxes (D)	-	-	-	-	-	-
Total Net Debt applicable to limit	<u>222,044</u>	<u>-</u>	<u>222,044</u>	<u>-</u>	<u>-</u>	<u>222,044</u>
Remaining Debt Capacity	<u>\$ 318,421</u>	<u>\$ 360,310</u>	<u>\$ 678,731</u>	<u>\$ 900,775</u>	<u>\$ 900,775</u>	<u>\$ 2,480,280</u>

- (A) This figure represents the city's final assessed valuation for 2013 which will be used to determine the 2014 property tax levy.
- (B) 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 Governmental Accounting Standards Board (GASB) 1994 Codification.
- (C) Includes year-end balances available in the Regular and Special Levy Redemption funds designated for future redemption of the associated bonds less bond interest payments.
- (D) Delinquent property taxes receivable. Since State law provides for the sale of property to satisfy delinquent tax liens, no allowance has been made for uncollectible amounts.

Table 17

PLEGGED- REVENUE COVERAGE

Last Ten Fiscal Years
(in thousands)

Fiscal Year	Revenue Bonds(E)							Special Assessment Bonds				
	Gross Revenue (A)	Expenses (B)	Net revenue available for debt service	Debt Service Requirements (C)			Coverage (D)	Special Assessment Collections	Debt Service			
				Principal	Interest	Total			Principal	Interest	Total	Coverage
2005	\$ 76,543	\$ 56,166	\$ 20,377	\$ 2,952	\$ 6,076	\$ 9,028	225.71%	\$ 870	\$ 706	\$ 302	\$ 1,008	86.31%
2006	89,553	57,778	31,775	2,999	6,297	9,296	3.42	625	720	238	958	0.65
2007	92,674	62,958	29,715	2,621	6,174	8,795	3.38	718	484	170	654	1.10
2008	93,087	62,270	30,817	3,126	6,773	9,899	3.11	564	471	11	482	1.17
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	10	3	13	27.00

- (A) Gross revenues as defined in applicable bond indentures for the Water and Sewer Funds, excluding gain on sale of assets.
- (B) Total expenses excluding depreciation, amortization, bond interest, utility taxes and loss on disposal of fixed assets.
- (C) Average annual requirements over the remaining life of current outstanding revenue bond issues.
- (D) Net revenue available for debt service divided by total debt service requirements.
- (E) Figures for revenue bonds have been restated for prior years to exclude general obligation debt. There are no expenses for 2014 as the entire revenues collected are pledged to BCCA. 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.

DEMOGRAPHIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	Population	Per Capita Personal Income	Personal Income	Median Age	Number of Households	Public School Enrollment	Number of Jobs	Unemployment Rate	CPI-U%
2005	115,493	\$ 48,216	\$ 5,568,610	39	47,840	16,215	124,716	4.1%	2.8%
2006	117,580	52,655	6,191,175	39	48,639	16,461	131,418	3.7%	3.7%
2007	118,701	57,710	6,850,235	40	49,035	16,520	134,766	3.2%	3.9%
2008	119,973	58,141	6,975,350	41	49,500	16,937	138,723	3.8%	4.2%
2009	120,872	56,904	6,878,100	38	49,805	17,311	130,930	7.2%	0.6%
2010	122,363	55,136	6,746,606	38	50,355	17,783	130,249	7.6%	0.3%
2011	123,400	57,837	7,137,086	38	50,933	18,048	133,846	6.9%	2.7%
2012	124,600	60,090	7,487,214	38	51,493	18,351	138,904	5.9%	2.5%
2013	132,100	62,770	8,291,917	38	54,422	18,515	136,084	4.7%	1.2%
2014	134,400	A	A	A	55,644	19,097	A	4.1%	1.8%

Sources:

- 1) Population and number of households provided by Washington State's Office of Financial Management. Note, estimates from 2005 to 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 are 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.

Note:

- (A) Data not available at time of publication

Table 19

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	Type of Business	2014			2005		
		Rank	Number of Employees	Percentage of Total City Employment	Rank(A)	Number of Employees	Percentage of Total City Employment
Microsoft Corp.	Technology	1	5,900	4.26%		(B)	0.00%
T-Mobile USA	Cellular Telephones	2	3,700	2.67%	2	2,400	1.92%
Boeing	Aviation	3	3,200	2.31%	1	2,800	2.25%
Bellevue School District	Education K-12	4	3,000	2.17%	4	2,000	1.60%
Expedia Inc.	Online Travel	5	2,800	2.02%	8	1,300	1.04%
Overlake Hospital Medical Center	Medical Hospital	6	2,600	1.88%	3	2,200	1.76%
Bellevue Community College	Higher Education	7	2,000	1.44%	7	1,300	1.04%
City of Bellevue	Government	8	1,551	1.12%	5	1,600	1.28%
Puget Sound Energy	Utility Services	9	1,100	0.79%	10	900	0.72%
Safeway	Grocery/Bakery	10	900	0.65%		(B)	0.00%
			<u>26,751</u>	<u>19.31%</u>		<u>7,300</u>	<u>11.63%</u>

Estimated number of total jobs at the end of 2014 was 138,500 and 124,716 for 2005.

Source: Planning and Community Development Department

- (A) Number of jobs data was provided by the City of Bellevue Planning and Community Development Department. Note, estimates are rounded to the nearest 100.
- (B) Historical data was primarily unavailable and as a result, no ranking was applied. For those employers where data was available, employee counts were provided.

Table 20

FULL- TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government	322	327	349	363	403	384	358	337	351	352
Public Safety										
Police										
Officers	170	173	175	182	180	181	180	178	180	180
Civilians	100	93	93	99	97	42	35	35	35	35
Fire										
Firefighters and officers	198	198	207	209	218	216	212	216	216	220
Civilians	21	24	28	37	30	33	31	29	27	25
Transportation	127	129	129	130	117	117	115	112	116	117
Culture and recreation	172	180	163	163	163	166	164	162	162	162
Water	63	61	62	63	63	66	66	66	66	66
Sewer	38	41	41	42	42	46	46	47	49	49
Storm Drainage	44	45	45	45	45	48	49	49	50	50
Total	<u>1,254</u>	<u>1,269</u>	<u>1,291</u>	<u>1,333</u>	<u>1,358</u>	<u>1,299</u>	<u>1,256</u>	<u>1,231</u>	<u>1,252</u>	<u>1,254</u>

Source: City of Bellevue Budget Office

Police Civilian FTEs decreased in 2010 due to the move of dispatch position to the NORCOM agency.

Table 21
Page 1 of 3

OPERATING INDICATORS BY FUNCITON
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function:										
Public safety/judicial:										
Police:										
Offenses:										
Rape	29	42	29	33	25	10	23	26	20	25
Robbery	49	71	61	71	61	59	58	67	48	65
Homicide	2	3	0	0	2	0	2	2	1	2
Assault	420	570	528	582	545	538	553	517	491	438
Auto theft	567	476	446	274	179	207	157	169	249	314
Burglary	595	591	583	687	621	657	607	685	688	631
Larceny	3,503	3,178	3,152	3,327	3,150	2,905	2,775	2,649	3,013	3,662
Citations:										
Traffic	24,370	22,088	20,814	22,664	22,914	20,959	18,084	15,809	18,089	16,447
Criminal	2,033	2,383	2,533	2,653	2,473	2,266	2,577	2,695	2,052	1,752
Judicial system:										
Handled by district court	26,403	24,471	23,347	25,317	25,387	23,225	20,661	18,504	20,141	18,199
Fire:										
First response:										
Buildings	135	123	110	120	120	96	86	117	135	170
Non-Buildings	257	300	237	225	259	184	157	197	224	228
Service	418	506	450	422	462	340	350	293	436	519
False alarm	1,466	1,682	1,446	1,573	1,502	1,438	1,342	1,320	1,429	1,584
Other	892	1,671	1,078	1,039	984	860	838	832	928	995
Medic 1 Responses:										
First aid	12,381	14,002	13,525	13,640	13,794	13,571	13,469	13,851	13,796	14,244
Runs per week	238	269	260	262	265	261	259	266	265	274

Table 21
Page 2 of 3

OPERATING INDICATORS BY FUNCITON
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function:										
Transportation:										
Area of roadway repaired (sq ft)	7,461	10,631	16,330	19,305	16,626	13,510	28,999	48,929	34,518	50,406
Miles of streets swept	4,746	4,685	5,098	3,506	2,385	4,410	3,962	3,601	2,892	5,182
Area of sidewalk repaired (sq ft)	5,821	4,497	5,222	10,090	5,299	3,153	6,374	9,283	14,664	16,070
Physical/economic environment:										
Building permits issued	12,395	13,673	13,707	12,862	10,984	11,506	11,261	12,380	14,239	14,263
Estimated value (in millions)	346	761	831	629	274	209	168	377	560	715
Culture and recreation:										
Number of rounds of golf played	69,625	61,043	75,913	79,883	79,610	73,902	70,368	62,143	71,335	66,182
Water utility:										
Water consumption (CCF in thousands)	6,814	7,293	6,852	6,612	6,908	6,277	6,349	6,652	6,623	6,776
Number of customers:										
Residential	34,210	34,286	34,440	34,544	34,599	34,667	34,723	34,797	34,879	35,004
Multi-residential	657	659	651	648	647	650	661	662	661	663
Commercial	2,191	2,110	2,101	2,107	1,855	1,808	2,087	2,091	2,071	2,076
Total number of customers	37,058	37,055	37,192	37,299	37,101	37,125	37,471	37,471	37,611	37,743
Water consumption peak in a day (millions of gallons)	31	33	32	29	37	29	27	29	29	31
Water consumption peak in a month (millions of gallons)	811	830	724	776	876	737	750	761	792	792

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OPERATING INDICATORS BY FUNCITON
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function:										
Sewer utility:										
Sewer consumption (CCF in thousands)	5,272	5,362	5,401	5,533	5,322	4,603	5,404	5,400	5,382	5,386
Number of customers:										
Residential	32,874	33,710	33,865	33,057	33,195	34,596	33,320	34,696	34,723	34,780
Multi-residential	655	653	648	644	641	648	652	654	653	654
Commercial	1,806	1,721	1,725	1,737	1,719	1,710	1,709	1,734	1,713	1,705
Total number of customers	35,335	36,084	36,238	35,438	35,555	36,954	35,681	37,084	37,089	37,139
Storm and surface water:										
Number of customers:										
Residential	27,931	28,000	28,064	28,153	28,158	28,196	28,266	30,309	30,392	30,497
Multi-residential	530	531	525	524	526	546	530	546	544	545
Commercial	1,984	1,974	1,960	1,968	1,949	1,939	1,939	1,960	1,951	1,931
Total number of customers	30,445	30,505	30,549	30,645	30,633	30,681	30,735	32,815	32,887	32,973

Note: No operating indicators are available for general government and marina.

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CAPITAL ASSETS BY FUNCTION
Last Ten Fiscal Years

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety:										
Police										
Traffic/patrol units	73	76	78	72	72	73	75	73	73	70
Fire										
Fire stations	9	9	9	9	9	9	9	9	9	9
Fire apparatus	28	28	23	21	22	22	22	22	20	20
Fire aid units	10	12	18	17	18	16	16	15	15	15
Transportation:										
Paved streets (miles)	388	389	390	390	390	390	390	412	414	414
Sidewalks (miles)	319	333	334	336	329	329	336	337	341	346
Traffic signals	177	179	180	182	182	183	184	186	187	193
City of Bellevue streetlights	2,926	2,982	3,026	3,205	3,232	2,900	3,048	3,106	3,113	3,170
Puget Sound Energy streetlights	5,148	4,655	4,835	5,064	5,102	5,146	5,385	5,610	5,639	5,656
Culture and Recreation/Marina:										
Parks acreage	2,600	2,612	2,657	2,696	2,696	2,707	2,707	2,721	2,721	2,727
Parks	77	77	77	77	77	77	77	77	77	77
Maintained trails (miles)	69	74	97	80	80	80	92	92	92	93
Playgrounds	45	45	45	45	45	45	46	46	46	46
Tennis courts/centers	39	39	39	39	39	39	38	38	38	38
Sports fields	32	32	32	32	32	32	34	34	34	34
Sports courts	27	27	27	27	27	27	27	27	27	27
Swimming beaches/pools	7	7	7	7	7	7	7	7	7	7
Vistor/interpretive centers	3	3	3	4	4	4	4	4	4	4
Community centers/recreation facilitie	5	5	5	5	5	5	5	5	5	5
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

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Water:										
Water mains (miles)	618	617	617	620	620	616	618	617	619	619
Vehicles	43	43	43	40	41	41	32	34	35	36
Sewer:										
Sanitary sewers (miles)	520	520	521	523	523	525	525	525	526	526
Vehicles	43	35	37	38	41	41	29	27	28	29
Storm & surface water:										
Vehicles	26	27	27	26	28	28	24	25	26	27

Note: No capital asset indicators are available for the general government, judicial, economic environment or physical environment functions.

