



City of Bellevue, Washington **Comprehensive Annual Financial Report**

For the fiscal year ended December 31, 2019

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Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2019

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

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2019
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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, 2018

Christopher P. Morrill

Executive Director/CEO

City of
Bellevue



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

July 24, 2020

**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, 2019, is hereby submitted. The responsibility for the accuracy of the data, the completeness and fairness of the presentation, and all disclosures rests with the city's management. To the best of my knowledge and belief, the enclosed data is accurate in all material respects, and is reported in a manner designed to fairly present the financial position and results of operations of the various funds and agencies of the city. All disclosures necessary to enable the reader to gain an understanding of the city's financial activities have been included.

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

Profile of the Government

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

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

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

Discrete Component Unit

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

Economic Condition and Outlook

The City of Bellevue has a combination of high-quality residential areas as well as a diverse mix of industries. Over the past two decades, Bellevue's business activity expanded rapidly, and the city emerged as a major urban center with a growing and vibrant downtown area. Bellevue's population has grown to an estimated 145,300 (Source: Washington State Office of Financial Management), a 2 percent increase over 2018. The City has targeted adding 40,000 people, a growth of 27 percent, by 2035.

The City of Bellevue contains a variety of industries, including department stores, financial institutions, technology firms, automobile dealerships, engineering firms and manufacturing. The city is home to several businesses, including Puget Sound Energy, T-Mobile, Smartsheet, Facebook, and Google. In 2019, Amazon announced it would significantly expand its footprint in Bellevue, building a new office tower with an estimated completion date of 2023 and leasing an existing downtown business tower. In 2020, the REI headquarters will be relocating to Bellevue.

Employment within the city's Central Business District is targeted to add 18,000 jobs, a 26 percent increase, between 2018 and 2035. Employment within the BelRed area is also targeted to add 11,500 jobs, a 33 percent increase between 2018 and 2035 (Source: City of Bellevue Community Development Department).

Long Term Financial Planning

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

Other guiding principles include:

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

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

Major Initiatives

In April 2015, the City Council approved an Amended and Restated Memorandum of Understanding (MOU) with Sound Transit defining city contributions to 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. The construction of the tunnel and rail segments is scheduled to be completed in 2020. The construction of systems will occur in 2021, followed by one year of startup and testing. Ridership is expected to begin in 2023.

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

The BelRed Street Network projects will provide:

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

Financial Management and Controls

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

Budget Process Summary

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

The city continues to focus on providing priority government programs, high quality services, and capital investments. During the 2019-2020 budget process, the city employed the Budgeting for Outcomes methodology (Budget One). The Budget One process strives to deliver outcomes that are important to the community, and reflects the values and priorities recognized by the City Council and city management. The Outcomes identified by the City Council as community-wide priorities include: Safe Community, Improved Mobility and Connectivity, Quality Neighborhoods/Innovative, Vibrant, and Caring Community, Healthy and Sustainable Environment, Economic Growth and Competitiveness, and Responsive Government.

Budgetary Controls

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

Biennially Budgeted Governmental Funds:

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

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

Other Information

Independent Audit

Washington state law requires an annual audit of the city's financial records and transactions by the Washington State Auditor, an independent elected state official. The audit of the city has now been completed and was performed in conformance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards. The financial statements of all city funds and agencies have been included in this audit. The city has been given an unmodified opinion for 2019. 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, 2018. The city has earned this prestigious award for 39 out of 42 CAFR submissions. This was the 36th consecutive annual award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting the 2019 Comprehensive Annual Financial Report to the GFOA to determine its eligibility for the certificate.

The GFOA has also awarded the Distinguished Budget Presentation Award to the City of Bellevue for its 2019-2020 biennial budget document for the 23rd consecutive year/biennium. The GFOA gives this award to those governments whose budget document meets the GFOA's criteria as an effective policy document, operations guide, financial plan, and communication device.

Acknowledgements

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

Respectfully submitted,

A handwritten signature in blue ink that reads "Toni Call". The signature is written in a cursive, flowing style.

Toni Call
Finance and Asset Management Director

**City Officials and Administrative Staff
As of December 31, 2019**

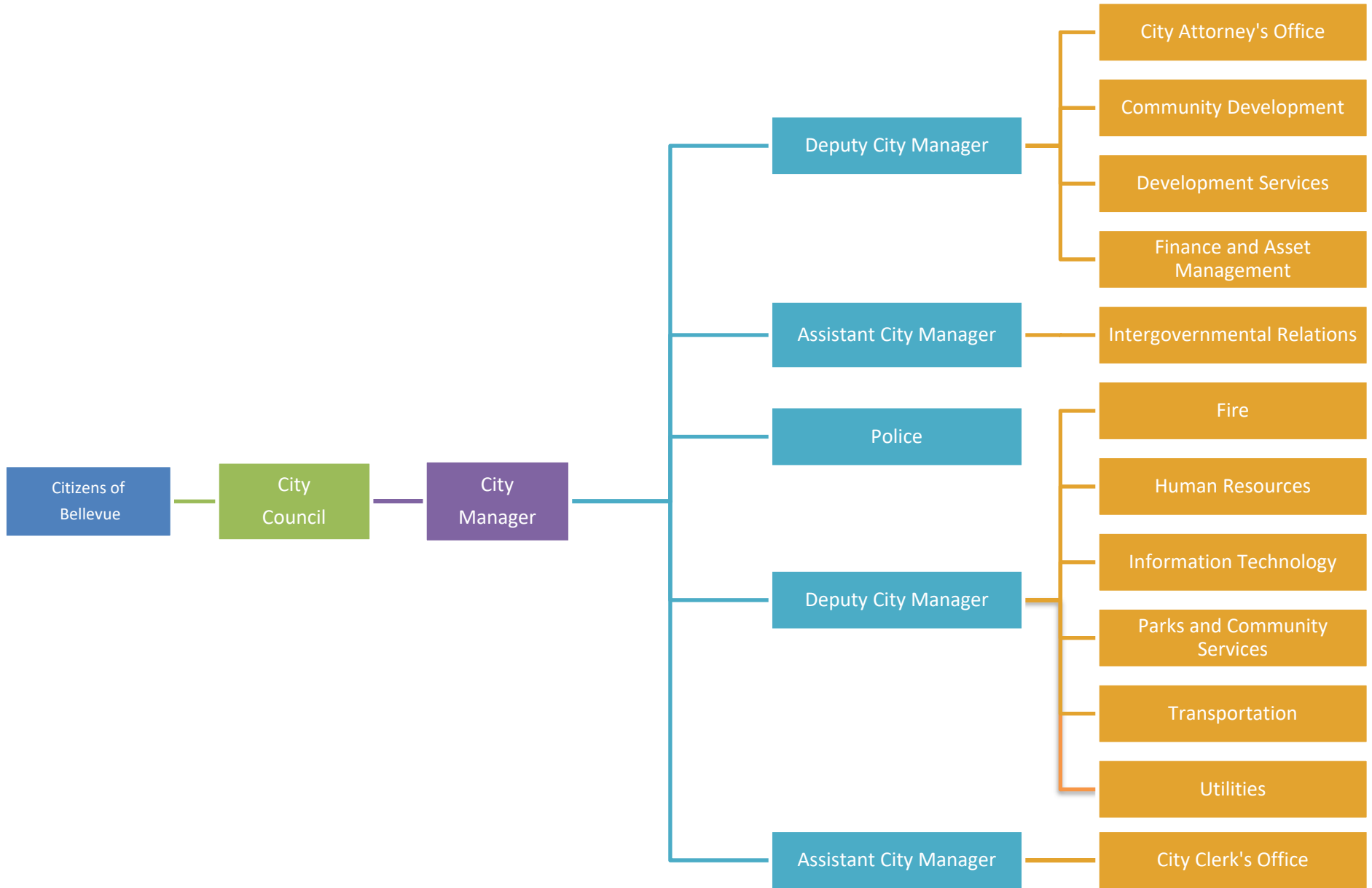
ELECTED CITY COUNCIL

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

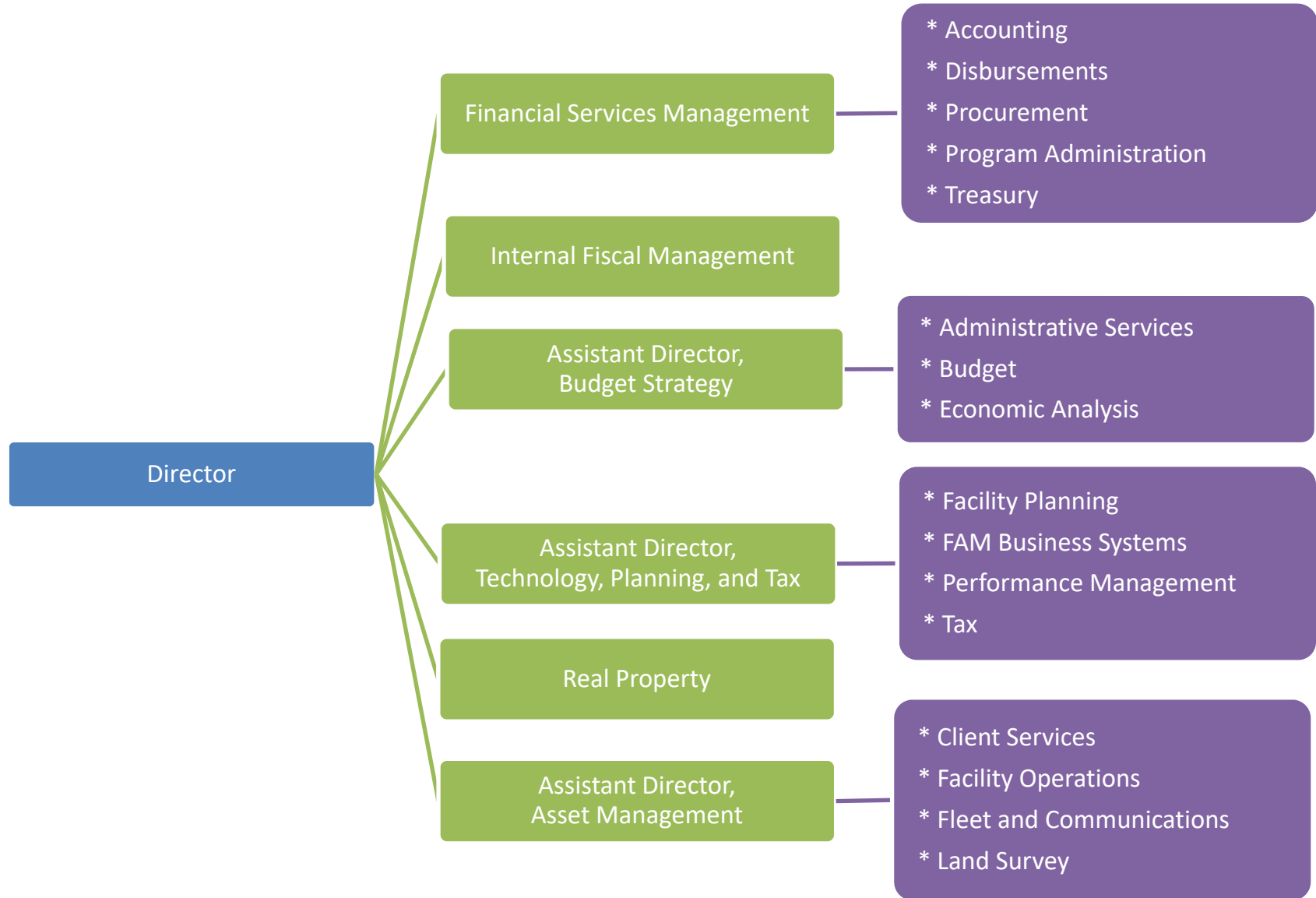
APPOINTED ADMINISTRATIVE STAFF

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

City Hierarchical Organization Chart



Finance and Asset Management (FAM) Department Organization Chart



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Financial Section

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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

July 24, 2020

Mayor and City Council
City of Bellevue
Bellevue, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Bellevue, as of and for the year ended December 31, 2019, 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Bellevue, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2019, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 83, *Certain Asset Retirement Obligations*. Our opinion is not modified with respect to this matter.

As also discussed in Note 22 to the financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the City. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

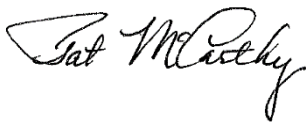
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The combining individual fund financial statements and schedules are presented for the purposes of additional analysis and are not a required 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 Introductory and Statistical Sections are presented for purposes of additional analysis and are 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, 2020, 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 black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized initial "P".

Pat McCarthy

State Auditor

Olympia, WA

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Management's Discussion and Analysis

This narrative provides an overview and analysis of the City of Bellevue's financial activities for the fiscal year ended December 31, 2019. The purpose is to highlight significant financial issues, major financial activities and resulting changes in financial position, and economic factors affecting the city. Readers are encouraged to consider the information presented here in conjunction with the information furnished in the letter of transmittal in the introductory section, the financial statements, and the accompanying notes following the narrative.

Financial Highlights

- The city's total net position increased \$136.3 million, or 5.2 percent, from 2018.
- The city's total revenues increased 9.9 percent from prior year while expenses increased 11.6 percent.
- Tax revenues increased \$7.5 million and assessed property values increased 13.1 percent since 2018.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

Notes to the Financial Statements

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

Other Information

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

Combining Statements

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

Statistical Section

This section includes unaudited trend information and demographics.

Government-Wide Financial Analysis

Net position of the city, which increased by \$136.3 million, is summarized in the following table as of December 31, 2019 and December 31, 2018:

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
	(in thousands)					
Current and other assets	\$ 322,652	\$ 298,443	\$ 333,648	\$ 291,461	\$ 656,300	\$ 589,904
Capital assets, net	1,966,288	1,919,330	407,598	377,072	2,373,886	2,296,402
Total assets	2,288,940	2,217,773	741,246	668,533	3,030,186	2,886,306
Deferred outflows	22,206	19,248	1,050	1,007	23,256	20,255
Total deferred outflows	22,206	19,248	1,050	1,007	23,256	20,255
Total assets and deferred outflows	2,311,146	2,237,021	742,296	669,540	3,053,442	2,906,561
Long-term liabilities	365,536	367,079	2,426	5,094	367,962	372,173
Other liabilities	46,415	37,517	6,799	4,171	53,214	41,688
Total liabilities	411,951	404,596	9,225	9,265	421,176	413,861
Deferred inflows	28,783	25,743	2,950	2,735	31,733	28,478
Total deferred inflows	28,783	25,743	2,950	2,735	31,733	28,478
Total liabilities & deferred inflows	440,734	430,339	12,175	12,000	452,909	442,339
Net investment in capital assets	1,707,871	1,661,776	403,636	375,075	2,111,507	2,036,851
Restricted	105,692	117,031	578	378	106,270	117,409
Unrestricted	56,849	27,875	325,907	282,087	382,756	309,962
Total net position	\$ 1,870,412	\$ 1,806,682	\$ 730,121	\$ 657,540	\$ 2,600,533	\$ 2,464,222

Governmental Activities

Governmental activities net position increased \$63.7 million. The restricted net position consists of \$62.0 million for CIP projects, \$42.0 million for net pension asset, \$2.2 million for police fines and forfeitures, and the remaining \$7.5 million covers a variety of municipal purposes.

Factors contributing to the changes in net position include:

- Due from other governments increased \$13.7 million. The increase primarily is related to billings for construction grants and TIFIA funding.
- Capital assets increased \$47.0 million as a result of major development throughout the City of Bellevue.
- The City of Bellevue’s net pension assets for the Firefighter’s Pension and the Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF) plans increased \$5.0 million. The net pension liability for the Public Employee Retirement System (PERS) and Public Safety Employee Retirement System (PSERS) plans decreased \$7.7 million. The associated deferred outflow of resources increased \$1.1 million. In addition, the deferred inflow of resources increased \$2.7 million. The city makes all required annual contributions. These state pension plans are well funded compared to other states across the nation.
- With the implementation of GASB 83, the city has a new deferred outflow of resources for asset retirement obligation of \$1.4 million.

Business-Type Activities

Business-type activities net position increased by \$72.6 million in 2019. Of total net position, \$0.6 million is restricted for utility capital projects and customer deposits, and \$264.9 million of the \$325.9 million in unrestricted net position is reserved by city policy for future infrastructure replacement. Contributing factors of the increase in net position were:

- Total cash increased \$38.5 million as a result of the city’s effort to build reserves for future utility infrastructure replacement according to the utility’s 75-year plan.
- Capital assets increased \$30.5 million due to replacement of infrastructure.

City of Bellevue, Washington

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	
	2019	2018	2019	2018	2019	2018
Revenues:	(in thousands)					
Program revenues:						
Charges for services	\$ 72,687	\$ 75,664	\$ 160,832	\$ 152,995	\$ 233,519	\$ 228,659
Operating grants & contributions	18,168	7,542	75	104	18,243	7,646
Capital grants & contributions	28,532	10,969	20,341	7,644	48,873	18,613
General revenues:						
Property taxes	59,210	57,754	-	-	59,210	57,754
Sales taxes	83,781	78,251	-	-	83,781	78,251
Other taxes	113,060	112,508	-	-	113,060	112,508
Investment interest	5,214	3,459	6,830	4,496	12,044	7,955
Miscellaneous	4,455	5,182	2,474	1,472	6,929	6,654
Total revenues	<u>385,107</u>	<u>351,329</u>	<u>190,552</u>	<u>166,711</u>	<u>575,659</u>	<u>518,040</u>
Expenses:						
General government	38,187	34,751	-	-	38,187	34,751
Public safety	107,391	98,732	-	-	107,391	98,732
Physical environment	1,452	1,194	-	-	1,452	1,194
Transportation	62,788	40,929	-	-	62,788	40,929
Economic environment	43,764	31,259	-	-	43,764	31,259
Health and human services	6,897	6,548	-	-	6,897	6,548
Culture and recreation	42,243	43,080	-	-	42,243	43,080
Unallocated interest on long-term debt	10,990	11,097	-	-	10,990	11,097
Water utility	-	-	50,474	49,899	50,474	49,899
Sewer utility	-	-	53,173	50,623	53,173	50,623
Storm & surface water utility	-	-	13,622	11,973	13,622	11,973
Marina	-	-	318	154	318	154
Total expenses	<u>313,712</u>	<u>267,590</u>	<u>117,587</u>	<u>112,649</u>	<u>431,299</u>	<u>380,329</u>
Excess (deficiency) before transfers	71,395	83,739	72,965	54,062	144,360	137,801
Transfers	382	(171)	(382)	171	-	-
Change in net position	71,777	83,568	72,583	54,233	144,360	137,801
Net position - beginning	1,806,682	1,744,798	657,538	603,307	2,464,220	2,348,105
Change in accounting principle	(6,304)	-	-	-	(6,304)	-
Prior period adjustment	(1,743)	(21,684)	-	-	(1,743)	(21,684)
Net position - ending	<u>\$ 1,870,412</u>	<u>\$1,806,682</u>	<u>\$ 730,121</u>	<u>\$ 657,540</u>	<u>\$ 2,600,533</u>	<u>\$2,464,222</u>

Governmental Activities

Net position of Governmental activities increased \$63.7 million.

Total revenues increased \$32.8 million, contributing to the net position increase for governmental activities. The highlights of which are:

Program revenues – charges for services

- Transportation decreased \$7.6 million due to slightly lower than normal collections of impact fee revenue and higher credits.
- Economic environment increased \$6.6 million, mainly due to an increase in permit fee collections for building and structure reviews.

Program revenues – Operating grants and contributions

- Public safety increased \$3.9 million due to a new source of revenue: Ground Emergency Medical Transportation (GEMT).

Program revenues – capital grants and contributions

- Transportation capital grants and contributions increased \$21.3 million due to capital improvement project grants, the TIFIA loan proceeds, a settlement in the city’s favor, and a dedication of land in the Spring District.

General revenues

- Retail sales and use tax increased \$5.5 million, primarily due to a \$3.0 million request for annexation retail sales tax for construction projects in the Eastgate area.
- Business and occupations taxes decreased \$4.8 million. In 2018, there was large one-time collection of business and occupation tax audit revenues that did not occur in 2019.
- Excise taxes increased \$7.4 million due to a large increase in payments received in December.

Total expenses increased \$45.1 million. Highlights of programmatic changes are:

- General government expenses increased \$2.4 million due to inflationary increases.
- Public safety expenses increased \$8.7 million mainly due to the increased in flagging demands and the Bellevue Police Department filling all vacancies.
- Transportation expenses increased \$21.9 million, mainly due to the snow and ice removal in response to the February snowstorm, “Snowpocalypse,” and the continuing development throughout Bellevue, including the BelRed Network.
- Economic environment expenses increased \$12.5 million due to increased funding to support the City Council’s Affordable Housing Strategy and the prior period adjustment, as explained in Note 21.

Business-Type Activities

Business-type activities net position increased by \$72.6 million for utilities and marina activities in 2019.

The revenues for business-type activities increased \$23.8 million while expenses increased \$4.9 million. The highlights of this activity are:

Water Utility

- Charges for services increased \$3.2 million for water utility services due mainly to rate increases.
- Capital grants and contributions increased \$1.9 million due to developer extension fees.

Sewer Utility

- Charges for services increased \$2.9 million for sewer utility services due mainly to rate increases.
- Capital grants and contributions increased \$2.0 million due to developer extension fees.

Storm and Surface Water Utility

- Charges for services increased \$1.7 million for storm and surface water utility services due mainly to rate increases.
- Capital grants and contributions increased \$8.9 million due to flood control grants and developer extension fees.

Marina

- Fluctuations in the Marina fund from 2018 to 2019 were insignificant.

Financial Analysis of the Government's Funds

Governmental Funds

The governmental fund statement report on a near-term financial resource basis. This information helps determine the city's financial requirement 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 \$77.2 million is an increase of \$8.2 million from the fund balance of 2018. Revenues increased \$24.5 million while expenditures increased \$19.9 million.

The General Capital Investment Program Fund has an ending fund balance of \$98.1 million, a \$9.8 million increase from 2018. Revenues increased \$12.0 million while expenditures increased \$33.1 million.

Significant changes in these government funds follow the same fluctuations noted above under Governmental Activities funds.

Business-Type Funds

The Storm and Surface Water Utility net position increased \$25.7 million to \$197.6 million. Unrestricted net position increased \$1.6 million due to the increase in reserves for future infrastructure replacement.

The Water Utility net position increased \$26.1 million to \$281.4 million. Unrestricted net position increased \$3.1 million due to the increase in reserves for future infrastructure replacement.

The Sewer Utility net position increased \$20.7 million to \$241.2 million. Unrestricted net position increased \$2.8 million due to the increase in reserves for future infrastructure replacement.

Capital Asset Activity

The City of Bellevue’s investment in capital assets for the end of 2019 was \$2.4 billion, net of depreciation, which was an increase of \$77.5 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	
	2019	2018	2019	2018	2019	2018
	(in thousands)					
Land	\$ 891,676	\$ 864,704	\$ 24,993	\$ 24,989	\$ 916,669	\$ 889,693
Buildings	139,024	143,688	11,546	13,110	150,570	156,798
Improvements other than buildings	53,544	32,930	-	-	53,544	32,930
Machinery and equipment	25,242	24,052	5,217	5,973	30,459	30,024
Leasehold improvements	2,065	2,478	-	-	2,065	2,478
Infrastructure	824,772	824,011	346,523	271,148	1,171,295	1,095,159
Intangible assets	(354)	158	48	52	(306)	210
Construction in progress	30,319	27,309	19,271	61,801	49,590	89,110
Total	\$ 1,966,288	\$1,919,330	\$ 407,598	\$ 377,072	\$ 2,373,886	\$2,296,402

Governmental Activities

Capital assets from governmental activities increased \$47.0 million. Some of the projects that finished in 2019:

- The remaining land parcels for the location of Fire Station 10 were purchased, totaling \$4.3 million.
- Land and rights of way were purchased in the Spring District, totaling \$21.7 million, to assist in the development of both East Link and the BelRed Street Network Project.
- A parcel of land purchased with intent to be the location of a future park was finalized for \$0.9 million.
- Two major park projects were completed and opened in 2019. These include:
 - Meydenbauer Bay Park for \$18.4 million. This project includes land development, a pier, a dock, and new playground equipment.
 - Surrey Downs Park for \$5.8 million. This project includes the “Great Lawn”, a parking lot, and new playground equipment.
- The remaining changes in capital assets are attributed to annual depreciation.

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

	Satisfactory	Unsatisfactory
Arterial:	50 - 100	0 - 49
Residential:	30 - 100	0 - 29

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

Business-type Activities

The Utilities Department is in the process of the annual replacement of a portion of the city’s aging infrastructure which is expected to stabilize costs for the future. The net increase of \$30.5 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:

- The replacement of the culvert at NE 8th Street continued in 2019, incurring \$3.9 million. This project is expected to be completed in 2023.
- The Wilburton sewer capacity project incurred \$9.7 million and is expected to be completed in 2022.
- The continuation of the Lower Coal Creek hazard reduction project has incurred \$3.8 million in 2019.
- Improvements to the Bellefield sewer pump station totaled \$10.3 million.
- Horizon View pump station replacement incurred \$2.7 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 \$275.3 million in debt outstanding, which is a decrease of \$5.4 million. All debt outstanding is for governmental activities. The proceeds of debt were used to fund capital projects.

	Governmental Activities	
	2019	2018
	(in thousands)	
General obligation bonds	\$ 274,989	\$ 280,299
Other long-term debt	279	319
Total	<u>\$ 275,268</u>	<u>\$ 280,618</u>

Governmental Activities

Over the past five years, the city issued general obligation (GO) debt of \$98.9 million, which included \$7.7 million for BCCA capital projects. The remainder was to fund city capital projects. Of the bonded debt outstanding at December 31, 2019, \$10.8 million is due within one year.

Business-type Activities

The utilities funds are building reserves to pay for repair and replacement of infrastructure assets, in lieu of issuing new debt.

Debt Capacity

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

The city's assessed valuation for 2019 was \$64.8 billion and the total amount of additional debt the city may issue is \$4.6 billion. This debt capacity is categorized as follows, in thousands:

General debt	\$ 1,339,988
Open space/Parks facilities	1,621,130
Utilities	1,621,130
Total	<u>\$ 4,582,248</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 2019 are:

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

In 2019, Standard and Poor's and Moody's both affirmed the AAA/Aaa rating for the Unlimited Tax General Obligation. For more detailed information about the City of Bellevue's long-term debt please refer to Note 13: Long-Term Debt.

General Fund Budgetary Highlights

The City of Bellevue budgets on a biennial basis. The originally adopted budget and the final budget had several adjustments made throughout the year to account for unforeseen activities. The largest adjustment was for an increase in appropriations for both revenue and expenditures were for a new agreement with the Washington State Health Care Authority (HCA) to implement the Ground Emergency Medical Transport Program (GEMT Program). This program includes a local match.

In 2019, the tax revenue for the General Fund came in below the budgeted revenue amount. The collection of retail sales tax was lower than projected due to a Washington State Department of Revenue (DOR) audit. The DOR retain the refunded portion, leading to lower sales tax revenue for the city. Business and occupation tax, and utility taxes were under budget due to the combination of declines in wholesale and financial services activities. In addition, business and occupation taxes were affected by decreased taxable gross receipts for electrical and telephone services.

The budgeted expenditures in the general fund for transportation were higher than projected mainly due to labor costs. The city incurred some unforeseen costs in response to the snowstorm in February. In addition, projects in the CIP fund were delayed, keeping labor costs more concentrated in the General Fund than originally budgeted. Public safety expenditures were lower than forecasted in 2019. The majority of these costs were savings due to LEOFF costs decreasing.

Request for Information

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

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Basic Financial Statements

Statement of Net Position
As of December 31, 2019
(in thousands)

Page 1 of 2

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bellevue Convention Center Authority
Assets:				
Cash & equity in pooled investments	\$ 131,094	\$ 308,670	\$ 439,764	\$ 14,253
Receivables (net of allowances):				
Taxes	38,593	-	38,593	-
Accounts	5,036	22,570	27,606	354
Interest	747	1,072	1,819	-
Due from other governments	16,119	-	16,119	1,417
Other	270	7	277	83
Internal balances	20	(20)	-	-
Inventory	828	685	1,513	93
Prepays	488	-	488	275
Restricted cash & equity in pooled investments:				
For debt service	22,054	-	22,054	4,800
For capital projects	61,991	343	62,334	-
For customer deposits	-	235	235	1,020
Noncurrent assets:				
Net pension asset	42,041	-	42,041	-
Noncurrent receivables	3,371	86	3,457	-
Capital assets:				
Land	891,676	24,993	916,669	-
Depreciable capital assets (net)	219,521	16,811	236,332	33,102
Depreciable infrastructure (net)	40,932	346,523	387,455	-
Nondepreciable infrastructure	783,840	-	783,840	156
Construction in progress	30,319	19,271	49,590	476
Total assets	2,288,940	741,246	3,030,186	56,029
Deferred outflows of resources:				
Loss on debt refunding	9,259	-	9,259	-
For pensions	11,547	1,050	12,597	-
For asset retirement obligation	1,400	-	1,400	-
Total deferred outflows	22,206	1,050	23,256	-
Total assets and deferred outflows	2,311,146	742,296	3,053,442	56,029

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

Statement of Net Position
As of December 31, 2019
(in thousands)

Page 2 of 2

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bellevue Convention Center Authority
Liabilities:				
Accounts payable	\$ 7,350	\$ 5,268	\$ 12,618	\$ 182
Retainage payable	-	-	-	13
Accrued payroll	8,297	927	9,224	248
Other accrued liabilities	2,819	26	2,845	234
Deposits payable	8,312	-	8,312	-
Unearned revenue	10,715	-	10,715	-
Accrued bond interest payable	1,034	-	1,034	2,891
Liabilities payable from restricted assets:				
Customer deposits	432	235	667	849
Accounts payable	7,116	-	7,116	-
Retainage payable	340	343	683	-
Noncurrent liabilities:				
Due within one year	18,621	325	18,946	556
Due in more than one year	283,697	758	284,455	38,433
Net pension liability	31,248	1,343	32,591	-
Total OPEB liabilities	31,970	-	31,970	-
Total liabilities	411,951	9,225	421,176	43,406
Deferred inflows of resources:				
For grant revenue	688	-	688	-
For pensions	28,095	2,950	31,045	-
Total deferred inflows	28,783	2,950	31,733	-
Total liabilities and deferred inflows	440,734	12,175	452,909	43,406
Net position:				
Net investment in capital assets	1,707,871	403,636	2,111,507	27,200
Restricted for:				
Debt service	642	-	642	4,162
Capital projects	61,991	343	62,334	-
Public safety	2,150	-	2,150	-
Physical environment	13	-	13	-
Economic environment	241	-	241	-
Health and human services	23	-	23	-
Culture and recreation	6,623	-	6,623	-
Net pension asset	34,009	-	34,009	-
Customer deposits	-	235	235	-
Unrestricted	56,849	325,907	382,756	(18,739)
Total net position	\$ 1,870,412	\$ 730,121	\$ 2,600,533	\$ 12,623

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

Statement of Activities
For the Year Ended December 31, 2019
(in thousands)

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Primary government:				
Governmental activities:				
General government	\$ 38,187	\$ 3,801	\$ 26	\$ 131
Public safety	107,391	23,713	7,785	237
Physical environment	1,452	641	393	-
Transportation	62,788	7,626	2,110	26,989
Economic environment	43,764	24,502	2,324	-
Health and human services	6,897	412	5,203	-
Culture and recreation	42,243	11,992	327	1,175
Interest on long-term debt	10,990	-	-	-
Total governmental activities	<u>313,712</u>	<u>72,687</u>	<u>18,168</u>	<u>28,532</u>
Business-type activities:				
Water utility	50,474	67,555	-	5,972
Sewer utility	53,173	66,384	-	3,977
Storm and surface water utility	13,622	26,178	75	10,392
Marina	318	715	-	-
Total business-type activities	<u>117,587</u>	<u>160,832</u>	<u>75</u>	<u>20,341</u>
Total primary government	<u>\$ 431,299</u>	<u>\$ 233,519</u>	<u>\$ 18,243</u>	<u>\$ 48,873</u>
Component unit:				
Bellevue Convention Center Authority	17,006	21,773	-	-
Total component unit	<u>\$ 17,006</u>	<u>\$ 21,773</u>	<u>\$ -</u>	<u>\$ -</u>

Statement of Activities
For the Year Ended December 31, 2019
(in thousands)

Functions/Programs	Net Expense, Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Total	Bellevue Convention Center Authority
Primary government:				
Governmental activities:				
General government	\$ (34,229)	\$ -	\$ (34,229)	\$ -
Public safety	(75,656)	-	(75,656)	-
Physical environment	(418)	-	(418)	-
Transportation	(26,063)	-	(26,063)	-
Economic environment	(16,938)	-	(16,938)	-
Health and human services	(1,282)	-	(1,282)	-
Culture and recreation	(28,749)	-	(28,749)	-
Interest on long-term debt	(10,990)	-	(10,990)	-
Total governmental activities	<u>(194,325)</u>	<u>-</u>	<u>(194,325)</u>	<u>-</u>
Business-type activities:				
Water utility	-	23,053	23,053	-
Sewer utility	-	17,188	17,188	-
Storm and surface water utility	-	23,023	23,023	-
Marina	-	397	397	-
Total business-type activities	<u>-</u>	<u>63,661</u>	<u>63,661</u>	<u>-</u>
Total primary government	<u>\$ (194,325)</u>	<u>\$ 63,661</u>	<u>\$ (130,664)</u>	<u>\$ -</u>
Component unit:				
Bellevue Convention Center Authority	-	-	-	4,767
Total component unit	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,767</u>
General revenues:				
Property tax	59,210	-	59,210	-
Retail sales and use tax	83,781	-	83,781	-
Utility tax	27,092	-	27,092	-
Business and occupation tax	43,012	-	43,012	-
Excise taxes	28,310	-	28,310	-
Hotel/Motel tax	12,531	-	12,531	-
Other taxes	2,115	-	2,115	-
Payments from component unit	10	-	10	-
Grants & contributions - unrestricted	1,525	-	1,525	-
Unrestricted investment interest	5,214	6,830	12,044	401
Gain (loss) in change of fair value	1,124	1,613	2,737	-
Miscellaneous	1,513	861	2,374	-
Gain on sale of capital assets	283	-	283	-
Transfers	382	(382)	-	-
Total general revenues and transfers	<u>266,102</u>	<u>8,922</u>	<u>275,024</u>	<u>401</u>
Change in net position	71,777	72,583	144,360	5,168
Net position at beginning of year	1,806,682	657,538	2,464,220	7,455
Change in accounting principle	(6,304)	-	(6,304)	-
Prior period adjustment	(1,743)	-	(1,743)	-
Net position at end of year	<u>\$ 1,870,412</u>	<u>\$ 730,121</u>	<u>\$ 2,600,533</u>	<u>\$ 12,623</u>

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

Balance Sheet
Governmental Funds
As of December 31, 2019
(in thousands)

	General Fund	General CIP	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash & equity in pooled investments	\$ 80,709	\$ 83,195	16,295	\$ 180,199
Receivables (net of allowances):				
Taxes	22,689	14,266	1,637	38,592
Accounts	4,094	301	617	5,012
Interest	280	289	57	626
Due from other governments	1,337	13,930	742	16,009
Prepays	488	-	-	488
Housing rehabilitation loans receivable	-	-	3,371	3,371
Special assessments receivable	-	-	5	5
Total assets	\$ 109,597	\$ 111,981	22,724	\$ 244,302
Liabilities:				
Accounts payable	6,364	7,116	\$ 103	13,583
Retainage payable	4	331	-	335
Due to other funds	76	-	-	76
Due to component unit	-	-	1,417	1,417
Due to other governments	461	648	-	1,109
Accrued payroll	7,584	22	68	7,674
Accrued taxes	283	5	-	288
Deposits payable	6,123	-	1	6,124
Other current liabilities	-	1	-	1
Deferred revenues	10,715	-	-	10,715
Total liabilities	31,610	8,123	1,589	41,322
Deferred inflows:				
For grants	-	5,603	627	6,230
For taxes	796	153	-	949
For debt	-	-	6	6
For other	5	-	-	5
Total deferred inflows	801	5,756	633	7,190
Total liabilities and deferred inflows	32,411	13,879	2,222	48,512
Fund balance:				
Nonspendable	488	-	-	488
Restricted	660	61,991	9,032	71,683
Committed	-	-	4,752	4,752
Assigned	28,254	36,111	6,718	71,083
Unassigned	47,784	-	-	47,784
Total fund balance	77,186	98,102	20,502	195,790
Total liabilities, deferred inflows, and fund balance	\$ 109,597	\$ 111,981	\$ 22,724	\$ 244,302

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
As of December 31, 2019
(in thousands)**

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

Total governmental fund balances		\$ 195,790
Capital assets used in governmental activities are not financial resources and These assets consist of:		
Land	891,676	
Depreciable capital assets	358,313	
Depreciable infrastructure	208,325	
Construction in progress	30,319	
Non-depreciable infrastructure	783,840	
Accumulated depreciation	<u>(328,630)</u>	
Total capital assets		1,943,843
Material inventory		190
Net pension assets (NPA) is reported as an asset in the governmental activities and is not considered to represent a financial asset; it is not reported in the governmental funds balance sheet:		
Net Pension Asset		42,041
Deferred outflows		
Loss on debt refunding	9,259	
For pensions	<u>10,339</u>	
Total deferred outflows		19,598
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported in the funds. These long-term liabilities consists of:		
Bonds payable	(274,989)	
Notes payable	(279)	
Accrued bond interest payable	(1,034)	
Net pension liabilities	(25,325)	
Compensated absences	(11,809)	
OPEB obligation payable	(31,970)	
TIFIA	<u>(2,842)</u>	
Total long-term liabilities		(348,248)
Deferred inflow of resources:		
For grants	5,788	
For property tax	519	
For debt	6	
For pensions	(25,611)	
For other	<u>(241)</u>	
Total deferred inflows of resources		(19,539)
Internal service funds are used by management to charge the costs of certain activities, such as equipment rental, self-insurance, information technology and facility services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
		<u>36,737</u>
Net position of governmental activities		<u>\$ 1,870,412</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019
(in thousands)

	General Fund	General CIP	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes and special assessments	\$ 164,120	\$ 82,471	\$ 13,141	\$ 259,732
Licenses and permits	14,536	-	-	14,536
Intergovernmental	28,424	10,628	3,371	42,423
Service charges and fees	36,825	1,066	723	38,614
Fines and forfeitures	2,156	-	-	2,156
Interest and penalties	1,652	2,271	530	4,453
Net change in fair value of investments	421	438	85	944
Rent	5,718	1,382	-	7,100
Judgments and settlements	2	3,625	4	3,631
Premiums/contributions	17	2,518	1,831	4,366
Other	418	-	689	1,107
Total revenues	254,289	104,399	20,374	379,062
Expenditures:				
Current:				
General government	26,956	769	10,555	38,280
Public safety	103,921	243	1,604	105,768
Physical environment	180	-	1,282	1,462
Transportation	30,312	20,995	342	51,649
Economic environment	37,891	531	5,993	44,415
Health and human services	6,866	-	32	6,898
Culture and recreation	35,325	4,655	393	40,373
Debt service:				
Principal	-	40	10,293	10,333
Interest and fiscal charges	-	25	11,655	11,680
Capital outlay:				
General government	75	9,456	-	9,531
Public safety	105	5,866	24	5,995
Transportation	-	42,031	-	42,031
Economic environment	-	2	-	2
Culture and recreation	14	3,381	-	3,395
Total expenditures	241,645	87,994	42,173	371,812
Excess (deficiency) of revenues over (under) expenditures	12,644	16,405	(21,799)	7,250
Other financing sources (uses):				
Transfers in	6,709	7,460	21,808	35,977
Transfers out	(11,173)	(20,198)	(5,604)	(36,975)
Sale of capital assets	39	-	-	39
Issuance of long-term debt	-	6,133	-	6,133
Total other financing sources and uses	(4,425)	(6,605)	16,204	5,174
Net change in fund balance	8,219	9,800	(5,595)	12,424
Fund balance at beginning of year	68,967	88,302	27,840	185,109
Prior period adjustment	-	-	(1,743)	(1,743)
Fund balance at end of year	\$ 77,186	\$ 98,102	\$ 20,502	\$ 195,790

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

**Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
As of December 31, 2019
(in thousands)**

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

Net change in fund balances - total governmental funds \$ 12,424

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	62,586	
Current year depreciation	<u>(18,995)</u>	
Total capital outlay expenditures		43,591

Change in net pension asset 863

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	(3,672)	
Grant revenues	4,291	
Intergovernmental agreements	<u>(1,616)</u>	
Total revenues		(997)

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

This amount is comprised of:

Long-term debt repayments	10,333	
Amortization of bond premium	1,624	
Gain/loss on bond refunding	<u>(527)</u>	
Total debt proceeds and repayments		11,430

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

Accrued interest expense	38	
TIFIA	(5,523)	
Net pension liability	11,164	
Amortization of net OPEB obligation	(3,423)	
Accrued compensated absence expense	(638)	
Inventory adjustment	<u>(413)</u>	
Total other long-term liabilities		1,205

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

Change in net position of governmental activities		<u><u>\$ 71,777</u></u>
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Statement of Fund Net Position
Proprietary Funds
As of December 31, 2019
(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	\$ 93,500	\$ 101,278	\$ 113,515
Receivables (net of allowances):			
Accounts	3,846	7,410	11,310
Interest	325	353	394
Other	2	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Inventory	100	498	87
Restricted cash & equity in pooled investments:			
Capital projects	63	247	33
Customer deposits	1	187	47
Total current assets	<u>97,837</u>	<u>109,973</u>	<u>125,386</u>
Noncurrent assets:			
Notes/contracts receivable	-	21	65
Capital Assets:			
Capital assets (net)	<u>101,912</u>	<u>177,791</u>	<u>118,220</u>
Total noncurrent assets	<u>101,912</u>	<u>177,812</u>	<u>118,285</u>
Total assets	<u>199,749</u>	<u>287,785</u>	<u>243,671</u>
Deferred outflow of resources:			
For pensions	307	415	328
For asset retirement obligation	-	-	-
Total deferred outflows	<u>307</u>	<u>415</u>	<u>328</u>
Total assets and deferred outflows	<u>200,056</u>	<u>288,200</u>	<u>243,999</u>

Statement of Fund Net Position
Proprietary Funds
As of December 31, 2019
(in thousands)

Page 2 of 4

	Nonmajor Enterprise Fund - Marina	Total	Governmental Activities - Internal Service Funds
Assets:			
Current assets:			
Cash & equity in pooled investments	\$ 377	\$ 308,670	\$ 34,867
Receivables (net of allowances):			
Accounts	4	22,570	25
Interest	1	1,073	122
Other	5	7	270
Due from other funds	-	-	96
Due from other governments	-	-	109
Inventory	-	685	638
Restricted cash & equity in pooled investments:			
Capital projects	-	343	-
Customer deposits	-	235	-
Total current assets	387	333,583	36,127
Noncurrent assets:			
Notes/contracts receivable	-	86	-
Capital Assets:			
Capital assets (net)	9,675	407,598	23,176
Total noncurrent assets	9,675	407,684	23,176
Total assets	10,062	741,267	59,303
Deferred outflow of resources:			
For pensions	-	1,050	1,209
For asset retirement obligation	-	-	1,400
Total deferred outflows	-	1,050	2,609
Total assets and deferred outflows	10,062	742,317	61,912

Statement of Fund Net Position
Proprietary Funds
As of December 31, 2019
(in thousands)

Page 3 of 4

	Storm & Surface Water Utility	Water Utility	Sewer Utility
Liabilities:			
Current liabilities:			
Accounts payable	\$ 684	\$ 3,775	\$ 799
Estimated claims	-	-	-
Due to other funds	8	7	5
Due to other governments	-	-	-
Accrued payroll	260	411	256
Accrued compensated absences	94	122	110
Accrued taxes	-	-	-
Customer deposits	1	187	47
Retainage payable	63	247	33
Total current liabilities	<u>1,110</u>	<u>4,749</u>	<u>1,250</u>
Noncurrent liabilities:			
Accrued compensated absences	220	284	255
Estimated claims	-	-	-
Asset retirement obligation	-	-	-
Net pension liability	388	539	414
Total noncurrent liabilities	<u>608</u>	<u>823</u>	<u>669</u>
Total liabilities	<u>1,718</u>	<u>5,572</u>	<u>1,919</u>
Deferred Inflows			
For pensions	787	1,203	902
Total deferred inflows	<u>787</u>	<u>1,203</u>	<u>902</u>
Total liabilities and deferred inflows	<u>2,505</u>	<u>6,775</u>	<u>2,821</u>
Net position:			
Net investment in capital assets	101,521	174,933	117,517
Customer deposits	1	187	47
Capital projects	63	247	33
Unrestricted	95,966	106,058	123,581
Total net position	<u>\$ 197,551</u>	<u>\$ 281,425</u>	<u>\$ 241,178</u>

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

Statement of Fund Net Position
Proprietary Funds
As of December 31, 2019
(in thousands)

Page 4 of 4

	Nonmajor Enterprise Fund - Marina	Total	Governmental Activities - Internal Service Funds
Liabilities:			
Current liabilities:			
Accounts payable	\$ 9	\$ 5,267	\$ 891
Estimated claims	-	-	3,934
Due to other funds	-	20	-
Due to other governments	26	26	1
Accrued payroll	-	927	623
Accrued compensated absences	-	326	351
Accrued taxes	-	-	3
Customer deposits	-	235	3
Retainage payable	-	343	5
Total current liabilities	35	7,144	5,811
Noncurrent liabilities:			
Accrued compensated absences	-	759	820
Estimated claims	-	-	2,199
Asset retirement obligation	-	-	7,937
Net pension liability	-	1,341	5,924
Total noncurrent liabilities	-	2,100	16,880
Total liabilities	35	9,244	22,691
Deferred Inflows			
For pensions	59	2,951	2,484
Total deferred inflows	59	2,951	2,484
Total liabilities and deferred inflows	94	12,195	25,175
Net position:			
Net investment in capital assets	9,665	403,636	23,171
Customer deposits	-	235	3
Capital projects	-	343	5
Unrestricted	303	325,908	13,558
Total net position	\$ 9,968	\$ 730,122	\$ 36,737

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

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2019
(in thousands)

Page 1 of 2

	Storm & Surface Water Utility	Water Utility	Sewer Utility
Operating revenues:			
Intergovernmental	\$ 75	\$ -	\$ -
Service charges and fees	26,077	67,426	66,310
Rent	-	-	-
Insurance recovery	-	-	-
Premiums/contributions	-	-	-
Other	-	-	-
Total operating revenues	<u>26,152</u>	<u>67,426</u>	<u>66,310</u>
Operating expenses:			
Administrative and general	2,735	15,408	8,041
Maintenance and operations	8,492	30,274	41,927
Depreciation	2,394	4,791	3,204
Insurance costs	-	-	-
Benefits and claims payments	-	-	-
Total operating expenses	<u>13,621</u>	<u>50,473</u>	<u>53,172</u>
Operating income (loss)	12,531	16,953	13,138
Nonoperating revenues (expenses):			
Interest income	2,071	2,233	2,514
Net change in fair value of investments	488	531	592
Rental income	18	310	420
Gain on disposal of capital assets	100	128	73
Other nonoperating revenues	111	2	-
Total nonoperating revenue (expenses)	<u>2,788</u>	<u>3,204</u>	<u>3,599</u>
Income before contributions and transfers	15,319	20,157	16,737
Special items, contributions and transfers:			
Transfers in	2	12	3
Transfers out	-	-	-
Capital contributed from external sources	10,392	5,972	3,977
Total special items, contributions and transfers	<u>10,394</u>	<u>5,984</u>	<u>3,980</u>
Change in net position	25,713	26,141	20,717
Net position beginning of year	171,838	255,284	220,461
Change in accounting principle	-	-	-
Net position end of year	<u>\$ 197,551</u>	<u>\$ 281,425</u>	<u>\$ 241,178</u>

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

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2019
(in thousands)

Page 2 of 2

	Nonmajor Enterprise Fund - Marina	Total	Governmental Activities - Internal Service Funds
Operating revenues:			
Intergovernmental	\$ -	\$ 75	\$ 87
Service charges and fees	-	159,813	36,102
Rent	715	715	909
Insurance recovery	-	-	375
Premiums/contributions	-	-	27,375
Other	-	-	244
Total operating revenues	715	160,603	65,092
Operating expenses:			
Administrative and general	-	26,184	10,034
Maintenance and operations	303	80,996	25,654
Depreciation	13	10,402	5,018
Insurance costs	-	-	7,408
Benefits and claims payments	-	-	17,114
Total operating expenses	316	117,582	65,228
Operating income (loss)	399	43,021	(136)
Nonoperating revenues (expenses):			
Interest income	12	6,830	760
Net change in fair value of investments	2	1,613	181
Rental income	-	748	-
Gain on disposal of capital assets	-	301	279
Other nonoperating revenues	-	113	761
Total nonoperating revenue (expenses)	14	9,605	1,981
Income before contributions and transfers	413	52,626	1,845
Special items, contributions and transfers:			
Transfers in	-	17	1,880
Transfers out	(400)	(400)	(499)
Capital contributed from external sources	-	20,341	35
Total special items, contributions and transfers	(400)	19,958	1,416
Change in net position	13	72,584	3,261
Net position beginning of year	9,955	657,538	39,780
Change in accounting principle	-	-	(6,304)
Net position end of year	\$ 9,968	\$ 730,122	\$ 36,737

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

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019
(in thousands)

	Business-Type Activities -		
	Enterprise Funds		
	Storm & Surface Water Utility	Water Utility	Sewer Utility
Cash flows from operating activities:			
Cash received from customers and users	\$ 25,674	\$ 64,626	\$ 65,974
Contributions received - employer/employees	-	-	-
Cash received from insurance proceeds	-	-	-
Cash payments to suppliers for goods and services	(8,091)	(36,123)	(44,369)
Cash payments to employees for services	(4,818)	(7,762)	(5,694)
Cash payments to claimants	-	-	-
Cash received from other governments	-	-	-
Cash received from contracts/rent	-	-	-
Cash payments for insurance	-	-	-
Other receipts	129	312	420
Net cash provided by operating activities	<u>12,894</u>	<u>21,053</u>	<u>16,331</u>
Cash flows from noncapital financing activities:			
Transfers in	2	12	3
Transfers out	-	-	-
Net cash provided (used) by noncapital financing activities	<u>2</u>	<u>12</u>	<u>3</u>
Cash flows from capital & related financing activities:			
Acquisition and construction of capital assets	(6,238)	(17,824)	(5,851)
Proceeds from sale of assets	100	128	73
Cash contributions in aid of construction	6,093	2,261	777
Contributed Connection Contracts	-	-	195
Net cash used by capital financing activities	<u>(45)</u>	<u>(15,435)</u>	<u>(4,806)</u>
Cash flows from investing activities:			
Interest on investments	2,564	2,804	3,129
Net cash provided (used) by investing activities	<u>2,564</u>	<u>2,804</u>	<u>3,129</u>
Net increase (decrease) in cash balance	15,415	8,434	14,657
Cash & equity in pooled investments - beginning of year	<u>78,149</u>	<u>93,278</u>	<u>98,938</u>
Cash & equity in pooled investments - end of year	<u>93,564</u>	<u>\$ 101,712</u>	<u>\$ 113,595</u>
Cash & equity in pooled investments at end of year consist of:			
Unrestricted	93,500	101,278	113,515
Restricted	64	434	80
Total cash & equity in pooled investments	<u>93,564</u>	<u>\$ 101,712</u>	<u>\$ 113,595</u>

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019
(in thousands)

	Business-Type Activities -		Governmental	
	Enterprise Funds			Activities -
	Nonmajor	Total		
	Enterprise Fund -		Service Funds	
	Marina	Total		
Cash flows from operating activities:				
Cash received from customers and users	\$ 715	\$ 156,989	\$ 35,899	
Contributions received - employer/employee	-	-	27,374	
Cash received from insurance proceeds	-	-	375	
Cash payments to suppliers for goods and services	(296)	(88,879)	5,091	
Cash payments to employees for services	-	(18,274)	(40,601)	
Cash payments to claimants	-	-	(17,803)	
Cash received from other governments	-	-	(60)	
Cash received from contracts/rent	-	-	909	
Cash payments for insurance	-	-	(7,408)	
Other receipts	-	861	936	
Net cash provided by operating activities	<u>419</u>	<u>50,697</u>	<u>4,712</u>	
Cash flows from noncapital financing activities:				
Transfers in	-	17	1,880	
Transfers out	(400)	(400)	(499)	
Net cash provided (used) by noncapital financing activities	<u>(400)</u>	<u>(383)</u>	<u>1,444</u>	
Cash flows from capital & related financing activities:				
Acquisition and construction of capital assets	-	(29,913)	(5,191)	
Proceeds from sale of assets	-	301	-	
Cash contributions in aid of construction	-	9,131	-	
Contributed Connection Contracts	-	195	-	
Net cash used by capital financing activities	<u>-</u>	<u>(20,286)</u>	<u>(5,191)</u>	
Cash flows from investing activities:				
Interest on investments	14	8,511	958	
Net cash provided (used) by investing activities	<u>14</u>	<u>8,511</u>	<u>958</u>	
Net increase (decrease) in cash balance	33	38,539	1,923	
Cash & equity in pooled investments - beginning of year	344	270,709	32,944	
Cash & equity in pooled investments - end of year	<u>\$ 377</u>	<u>\$ 309,248</u>	<u>\$ 34,867</u>	
Cash & equity in pooled investments at end of year consist of:				
Unrestricted	377	308,670	34,867	
Restricted	-	578	-	
Total cash & equity in pooled investments	<u>\$ 377</u>	<u>\$ 309,248</u>	<u>\$ 34,867</u>	

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019
(in thousands)

	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)	\$ 12,531	\$ 16,953	\$ 13,138
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	2,394	4,791	3,204
Other receipts	129	311	420
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(469)	(2,860)	(448)
(Increase) decrease in due from other governments	-	80	15
(Increase) decrease in contracts receivable	-	(17)	1
(Increase) decrease in inventory	-	(26)	6
(Increase) decrease in deferred outflow	93	(72)	(58)
Increase (decrease) in accounts payable	201	1,939	183
Increase (decrease) in retainage payable	57	114	30
Increase (decrease) in wages & benefits payable	37	50	10
Increase (decrease) in compensated absences	7	47	25
Increase (decrease) in due to other funds	1		
Increase (decrease) in due to other governments	-	-	-
Increase (decrease) in customer deposits	-	(2)	-
Increase (decrease) in estimated claims payable	-	-	-
Increase (decrease) in deferred inflows	-	122	-
Increase (decrease) in pension liability	(2,078)	(377)	(291)
Increase (decrease) in unearned revenue	(8)	-	96
Total adjustments	<u>363</u>	<u>4,100</u>	<u>3,193</u>
Net cash provided by operating activities	<u>\$ 12,894</u>	<u>\$ 21,053</u>	<u>\$ 16,331</u>
Noncash investing, capital and financing activities:			
Contributions of capital assets	\$ 4,299	\$ 3,728	\$ 3,005
Increase (decrease) in fair value of investments	\$ 488	\$ 531	\$ 592

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019
(in thousands)

Page 4 of 4

	Business-Type Activities -		Governmental	
	Enterprise Funds			Activities -
	Nonmajor	Total		
	Enterprise Fund -		Service Funds	
	Marina	Total		
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 399	\$ 43,021	\$ (136)	
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	13	10,402	5,018	
Other receipts	-	860	697	
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	(3,777)	(293)	
(Increase) decrease in due from other governments	-	95	(60)	
(Increase) decrease in contracts receivable	-	(16)	-	
(Increase) decrease in inventory	-	(20)	(27)	
(Increase) decrease in deferred outflow	-	(37)	(1,623)	
Increase (decrease) in accounts payable	7	2,330	(256)	
Increase (decrease) in retainage payable	-	201	-	
Increase (decrease) in wages & benefits payable	-	97	35	
Increase (decrease) in compensated absences	-	79	236	
Increase (decrease) in due to other funds	-	1	-	
Increase (decrease) in due to other governments	-	-	(7)	
Increase (decrease) in customer deposits	-	(2)	-	
Increase (decrease) in estimated claims payable	-	-	(689)	
Increase (decrease) in deferred inflows	-	122	291	
Increase (decrease) in pension liability	-	(2,746)	(107)	
Increase (decrease) in unearned revenue	-	88	-	
Total adjustments	<u>20</u>	<u>7,676</u>	<u>4,848</u>	
Net cash provided by operating activities	<u>\$ 419</u>	<u>\$ 50,697</u>	<u>\$ 4,712</u>	
Noncash investing, capital and financing activities:				
Contributions of capital assets	\$ -	\$ 11,032	\$ -	
Increase (decrease) in fair value of investments	\$ 2	\$ 1,613	\$ 181	

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

Statement of Fiduciary Net Position
As of December 31, 2019
(in thousands)

	<u>Firefighters'</u> <u>Pension Fund</u>	<u>Agency</u> <u>Funds</u>
Assets:		
Cash & equity in pooled investments:		
Local Government Investment Pool	\$ 4,269	\$ 7,680
U.S. Agency Coupon Securities	1,574	2,832
Opus DD Account	532	957
U.S Treasury Debt Obligations	289	521
Municipal Bonds	256	461
Interest Bearing Bank Deposits	68	123
Interest receivable	24	44
Due from other governments	-	1,236
Capital assets (net)	-	115
Total assets	<u>7,012</u>	<u>13,969</u>
Liabilities:		
Accounts payable	-	20
Due to other governments	-	13,883
Deposits payable	-	66
Total liabilities	<u>-</u>	<u>13,969</u>
Net Position:		
Net position restricted for pensions	<u>7,012</u>	<u>-</u>
Total net position	<u>\$ 7,012</u>	<u>\$ -</u>

Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2019
(in thousands)

	Firefighters' Pension Fund
Additions:	
Investment income:	
Interest	\$ 162
Net change in fair value of investments	37
Other contributions:	
Contributions from nonemployers	227
Total additions	426
Deductions:	
Benefit payments	256
Administrative	22
Total deductions	278
Net increase in net position	148
Net position beginning of year	6,864
Net position end of year	\$ 7,012

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Notes to the Basic Financial Statements

Note 1: Summary of Significant Accounting Policies

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

Reporting Entity

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

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

Discretely Presented Component Unit

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

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

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

Government-wide and Fund Financial Statements

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

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

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

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

Basis of Accounting

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

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

Major Governmental Funds

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

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

Major Proprietary Funds

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

Enterprise Funds

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

Internal Service Funds

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

Fiduciary Funds

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

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

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 and do not involve the measurement of the results of operations.

New Accounting Standards

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

In November 2016, GASB issued Statement No. 83, "Certain Asset Retirement Obligations (ARO)." This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This statement requires that recognition occur when the liability is both incurred and reasonability estimated. This statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred and required the current value to be adjusted for the effects of general inflation or deflation at least annually. The city implemented this standard as of December 31, 2019.

In March 2018, GASB issued Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement" to improve the information that is disclosed in notes to governmental financials statements related to debt, including direct borrowings and direct placement. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement requires that additional essential information related to debt be disclosure in notes to financial statements, including unused lines of credit; assets pledged as collateral for debt and terms specific in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and signification subjective acceleration clauses. The city implemented this standard as of December 31, 2019. The implementation of this standard had no fiscal impact on the city.

In August 2018, GASB issued Statement No. 90, "Majority Equity Interest" to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separated organization, a government should report the legally separate organization as a component unit. The city implemented this standard as of December 31, 2019. The implementation of this standard had no fiscal impact on the city.

Budget and Basis of Accounting

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

The City Council adopts appropriation ordinances for all other funds, including the Operating Grants, Donations, and Special Reserves Fund and the Housing Fund, on a project-length basis as needed. Appropriation ordinances are adopted for debt service funds only when debt is authorized for issue. These appropriations do not lapse and are adjusted as part of the budget process. Because these non-operating budgets primarily serve a management control function and related appropriations are continuing in nature, no comparison between budgeted and actual amounts is provided in the statements and note disclosures.

Legal budgetary control is established at the fund level, where expenditures may not exceed the total appropriation amount. Fund balance at the beginning of the year is considered an available resource and included in the expenditure appropriation authority, but not necessarily appropriated at the program level and identifiable in the Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual presented in the Required Supplementary

Information. The City Manager may authorize transfers of appropriations within a fund, but the City Council must approve by ordinance any increase or decrease in total fund appropriations.

Assets, Liabilities and Net Position or Fund Balance

Cash and Equity in Pooled Investments

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

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

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

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

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

Restricted Assets

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

Receivables

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

Property Taxes

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

assessed on the total delinquent balance on May 1 and November 30. Under state statute, the county is required to foreclose on properties when property taxes are three years delinquent.

Uncollected property taxes through December 31 are recorded as receivables at year-end. Historically, the city collects 99 percent of taxes levied in the levy year and the remaining delinquent amounts are collected within the next several years. Due to the property foreclosure provision in the Washington State law, no allowance for uncollectible taxes is made.

Special Assessments

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

Other Receivables

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

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

Due from Other Funds and Other Governments

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

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

Interfund Loans Receivable

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

Housing Rehabilitation Loans Receivable

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

Notes and Contracts Receivable

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

Inventories and Prepaid Expenses

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

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

Net Position and Fund Balances

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

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

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

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

Committed. Committed fund balance is constrained by ordinance or resolution as adopted by City Council and requires the same action to remove the constraint. In Washington State, ordinances and resolution carry the same force of law. The city currently has committed fund balances for affordable housing projects.

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

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

Capital Assets

Capital assets are reported on a full accrual basis. 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, all land, transportation and utilities infrastructure, regardless of their initial cost.

All purchased capital assets are valued at original cost. If no records exist, assets are valued at an estimated historical cost. Capital assets acquired or constructed are capitalized in the respective funds at historical cost. Donated assets are recorded at their estimated fair values as of the date acquired. The value of donated assets is recorded as contributed revenue by the receiving fund at acquisition value rather than fair value.

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

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

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

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

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

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

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

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

Deferred Outflow of Resources

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

Long-Term Liabilities

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

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

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

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

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

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

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

Deferred Inflow of Resources

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

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

Interfund Transactions

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

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

Note 2: Stewardship, Compliance and Accountability

Deficits

The City of Bellevue had no funds with a material deficit as of December 31, 2019.

Total net position for the Bellevue Convention Center Authority reflects an unrestricted net position deficit balance of \$18.7 million and a total net position of \$12.6 million. Cash flows, as projected in the annual Finance Plan, are expected to meet all obligations as they come due.

Legal Budgetary Compliance

During 2019, 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 2019, the City Council amended the 2019 appropriations by an additional \$3.4 million to reflect previously unanticipated needs in the 2019 portion of the 2019-2020 biennial budget. Amendments included \$2.7 million in the General Fund and \$0.6 million in the Operating Grants and Donations Fund. As explained in Note 1: Summary of Significant Accounting Policies, both original and supplemental appropriations are adopted by City Council ordinance.

Note 4: Deposits and Investments

Primary Government

Cash and equity in pooled investments are comprised of government and business-type activities. The balances as of December 31, 2019, are as follows, in thousands:

Cash on hand and in bank	\$ 16,920
Equity in pooled investments	<u>507,467</u>
Total	<u>\$ 524,387</u>

In addition, the city holds \$19.6 million in cash and equity in pooled investments in trust for fiduciary funds.

Deposits

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the city will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of December 31, 2019, the city had a bank balance of \$16.9 million (carrying amount of \$15.7 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. Washington State law restricts deposit of funds in financial institutions physically located in Washington unless otherwise expressly permitted by statute and authorized by the WPDPC.

Investments

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

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

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

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

City of Bellevue, Washington

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

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

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

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

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

Investment Type	Fair Value	Remaining Maturity in Months					Credit Rating
		3 Months or Less	3 to 12 Months	1 to 2 Years	2 to 3 Years	3 to 5 Years	
U.S. Agency Coupon Securities	\$ 118,538	\$ 7,891	\$ 60,790	\$ 26,652	\$ 12,148	\$ 11,057	Aaa/AA+
U.S Treasury Debt Obligations	22,124	8,956	-	8,165	-	5,003	Aaa/AA+
Interest Bearing Bank Deposits	45,140	45,140	-	-	-	-	Unrated
Municipal Bonds	19,588	1,014	4,539	7,505	6,530	-	Aa/AAA
LGIP	321,259	321,259	-	-	-	-	Unrated
Total	\$ 526,649	\$ 384,260	\$ 65,329	\$ 42,322	\$ 18,678	\$ 16,060	

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

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

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

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The city’s investment policy limits the amount that may be invested in any one issuer. As of December 31, 2019, 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	\$ 32,375
Federal Home Loan Bank (FHLB)	Fixed Rate Agency Coupon	45,683

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, 2019, all the \$526.0 million investments in U.S. agency debt obligations and municipal bonds were registered and held by its safekeeping agent in the city’s name. Therefore, the city has no outstanding investments that were exposed to custodial credit risk.

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

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

The following table presents recurring fair value measurements as of December 31, 2019:

	December 31, 2019	Fair Value Measurement Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<u>Investments by fair value level</u>			
Debt securities			
US Agency Coupon Securities	\$ 118,538	\$ -	\$ 118,538
US Treasury Debt Obligations	22,124	22,124	-
Municipal Bonds	19,588	-	19,588
Total debt securities	<u>160,250</u>	<u>22,124</u>	<u>138,126</u>
Total investments by fair value	<u>160,250</u>	<u>\$ 22,124</u>	<u>\$ 138,126</u>
<u>Investments measured at amortized cost</u>			
State of Washington Local Governmental Investment Pool			
	321,259		
General Bank account	<u>5,140</u>		
Total investment measured at amortized cost	<u>326,399</u>		
Total investment measured at fair value	<u>\$ 486,649</u>		

Discretely Presented Component Unit

Cash and equity in pooled investments of the Bellevue Convention Center Authority are comprised of business-type activities only. The balances as of December 31, 2019, are as follows, in thousands:

Cash on hand and in bank	\$ 1,807
Equity in pooled investments	<u>18,266</u>
Total	<u>\$ 20,073</u>

Note 5: Property Taxes

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

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

The following is a breakdown of the city's direct property tax rate, per \$1,000 of assessed valuation, and its collection of property taxes for the year ended December 31, 2019, in thousands:

	Rate	Property Taxes Collected
Regular Property Taxes	\$ 0.634	\$ 41,174
Parks Levy 2008	0.062	4,049
Fire Facilities Levy 2016	0.100	6,368
Transportation Safety, Connectivity, Congestion Levy 2016	<u>0.121</u>	<u>7,641</u>
Total Levy	<u>\$ 0.917</u>	<u>\$ 59,232</u>

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

1. 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. RCW 84.55 sets the limit factor as 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.

The city has banked its remaining levy capacity for potential future use. As of December 31, 2019, the city has \$9.1 million in unused levy capacity.

The following voter-approved tax levies are not subject to the limitations discussed above:

In November 2008, voters approved a levy lid lift for parks and natural area programs to fund the parks capital program over 20 years.

In November 2016, voters approved a levy for fire facilities improvements to seismically retrofit fire stations, build a new downtown fire station, realign and upgrade existing fire facilities to better serve the community, and obtain logistics center warehouse space.

Additionally, in 2016, voters passed a transportation levy to improve neighborhood safety, reduce neighborhood congestion, install sidewalk, trail and bicycle facilities, provide safe routes to connect people to schools, parks, transit and other services, and enhance maintenance and technology.

Note 6: Capital Assets

Capital asset activity for the primary government for the year ended December 31, 2019, was as follows, in thousands:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 864,704	\$ 27,003	\$ (31)	\$ 891,676
Construction in progress	27,309	39,429	(36,419)	30,319
Infrastructure	793,410	2,441	(12,011)	783,840
Total capital assets, not being depreciated	<u>1,685,423</u>	<u>68,873</u>	<u>(48,461)</u>	<u>1,705,835</u>
Capital assets, being depreciated:				
Buildings	252,251	3,083	-	255,334
Improvements other than buildings	45,047	23,564	-	68,611
Intangible assets	20,777	-	-	20,777
Machinery and equipment	69,432	6,517	(2,075)	73,874
Leasehold improvements	4,129	-	-	4,129
Infrastructure	198,808	18,169	(653)	216,324
Total capital assets being depreciated	<u>590,444</u>	<u>51,333</u>	<u>(2,728)</u>	<u>639,049</u>
Less accumulated depreciation for:				
Buildings	(108,563)	(7,747)	-	(116,310)
Improvements other than buildings	(12,117)	(2,950)	-	(15,067)
Intangible assets	(20,619)	(512)	-	(21,131)
Machinery and equipment	(45,380)	(5,157)	1,905	(48,632)
Leasehold improvements	(1,651)	(413)	-	(2,064)
Infrastructure	(168,207)	(7,233)	48	(175,392)
Total accumulated depreciation	<u>(356,537)</u>	<u>(24,012)</u>	<u>1,953</u>	<u>(378,596)</u>
Total capital assets, being depreciated, net	<u>233,907</u>	<u>27,321</u>	<u>(775)</u>	<u>260,453</u>
Governmental activities capital assets, net	<u>\$ 1,919,330</u>	<u>\$ 96,194</u>	<u>\$ (49,236)</u>	<u>\$ 1,966,288</u>

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

General government	\$	7,190
Public safety		572
Transportation		5,119
Economic environment		102
Culture and recreation		6,014
Total		<u>18,997</u>

Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	5,015
Total depreciation expense - governmental activities	<u>\$ 24,012</u>

Capital asset activity for the city's proprietary funds for the year ended December 31, 2019 was as follows, in thousands:

Business-type activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 24,989	\$ 4	\$ -	\$ 24,993
Construction in progress	61,801	30,464	(72,994)	19,271
Total capital assets, not being depreciated	<u>86,790</u>	<u>30,468</u>	<u>(72,994)</u>	<u>44,264</u>
Capital assets, being depreciated:				
Buildings	38,858	-	-	38,858
Machinery and equipment	16,473	362	(1,403)	15,432
Infrastructure	434,557	83,097	(4)	517,650
Intangible assets	287	-	-	287
Total capital assets being depreciated	<u>490,175</u>	<u>83,459</u>	<u>(1,407)</u>	<u>572,227</u>
Less accumulated depreciation for:				
Buildings	(25,748)	(1,564)	-	(27,312)
Machinery and equipment	(10,500)	(1,119)	1,404	(10,215)
Infrastructure	(163,409)	(7,718)	-	(171,127)
Intangible assets	(235)	(4)	-	(239)
Total accumulated depreciation	<u>(199,892)</u>	<u>(10,405)</u>	<u>1,404</u>	<u>(208,893)</u>
Total capital assets, being depreciated, net	<u>290,283</u>	<u>73,054</u>	<u>(3)</u>	<u>363,334</u>
Business activities capital assets, net	<u>\$ 377,072</u>	<u>\$ 103,522</u>	<u>\$ (72,997)</u>	<u>\$ 407,598</u>

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

Marina	\$	14
Water utility		4,792
Storm and surface water utility		2,395
Sewer utility		3,204
Total depreciation expense - business-type activities	<u>\$</u>	<u>10,405</u>

Capital asset activity for the city’s discretely presented component unit, BCCA, for the year ended December 31, 2019 were as follows, in thousands:

Bellevue Convention Center Authority:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Works of Art	\$ -	\$ 176	\$ (20)	\$ 156
Construction in Progress	391	1,584	(1,499)	476
Total capital assets, not being depreciated	391	1,760	(1,519)	632
Capital assets, being depreciated:				
Works of Art	176	-	(176)	-
Building	61,697	941	(286)	62,352
Machinery and Equipment	6,511	155	(1,159)	5,507
Total capital assets being depreciated	68,384	1,096	(1,621)	67,859
Less accumulated depreciation for:				
Works of Art	(168)	-	168	-
Building	(28,869)	(1,658)	85	(30,442)
Machinery and Equipment	(5,264)	(377)	1,326	(4,315)
Total accumulated depreciation	(34,301)	(2,035)	1,579	(34,757)
Total capital assets, being depreciated, net	34,083	(939)	(42)	33,101
Component unit activities capital assets, net	<u>\$ 34,474</u>	<u>\$ 821</u>	<u>\$ (1,561)</u>	<u>\$ 33,733</u>

At December 31, 2018, works of art was included in the prior year’s capital assets table as part of the capital asset balance for the building. At December 31, 2019, BCCA separated the assets into their respective categories to show the distinction. In addition, BCCA determined that the works of art were non-depreciable and made the appropriate accounting adjustments.

Note 7: Pension Plans

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

	PERS 1	PERS 2/3	PSERS 2	LEOFF 1	LEOFF 2	Firefighters' Pension	Total
Pension liabilities	\$ (24,714)	\$ (7,877)	\$ -	\$ -	\$ -	\$ -	\$ (32,591)
Pension assets	-	-	19	6,215	32,676	3,131	42,041
Deferred outflows of resources	2,255	6,175	43	-	4,124	-	12,597
Deferred inflows of resources	(1,651)	(17,195)	(60)	(644)	(11,495)	-	(31,045)
Pension expense	633	1,441	29	(385)	618	864	3,200

Public Employees’ Retirement System (PERS)

General Information about PERS

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

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

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For PERS 3, employees are vested after the completion of ten years of eligible service or five years with at least 12 months being earned after the age of 44 years old.

Participants in the plan are listed below:

	PERS 1	PERS 2	PERS 3
Participants	4	822	202

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

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

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

The contribution rates and actual contributions to PSERS for the year ending December 31, 2019 were as follows, with contributions in thousands:

	Employer		Employee	
	1/1-6/30	7/1-12/31	1/1-6/30	7/1-12/31
PERS Plan 1	7.52%	7.95%	6.00%	6.00%
PERS Plan 1 UAAL	5.13%	4.76%		
Administration Fee	0.18%	0.18%		
Total	12.83%	12.89%	6.00%	6.00%

	Employer		Employee	
	1/1-6/30	7/1-12/31	1/1-6/30	7/1-12/31
PERS Plan 2	7.52%	7.92%	7.41%	7.90%
PERS Plan 2 UAAL	5.13%	4.76%		
Administration Fee	0.18%	0.18%		
Total	12.83%	12.86%	7.41%	7.90%

	Employer		Employee	
	1/1-6/30	7/1-12/31	1/1-6/30	7/1-12/31
PERS Plan 3	7.52%	7.07%	5-15%	5-15%
PERS Plan 3 UAAL	5.13%	4.76%		
Administration Fee	0.18%	0.18%		
Total	12.83%	12.01%	5-15%	5-15%

2019 Employee contributions	
PERS 1	\$ 4,616
PERS 2	5,673
PERS 3	1,379

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

At December 31, 2019, the city reported a liability of \$32.6 million for its proportionate share of the net pension liability (PERS 1 was \$24.7 million and PERS 2/3 was \$7.9 million). The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of

that date. The city's proportion of the net pension liability was based on a projection of the city's long-term share of contributions to the pension plan relative to the projected contributions of all participating local governments, actuarially determined. At June 30, 2019, the city's proportion for PERS 1 was 0.64 percent, which was a decrease of 0.01 percent from its proportionate share measured as of June 30, 2018. The city's proportion for PERS 2/3 was 0.81 percent, which was the same from its proportionate share measured as of June 30, 2018.

For the year ended December 31, 2019, the city recognized total pension expense of \$2.1 million for the PERS pension plans. As of December 31, 2019, the city reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources, in thousands:

	PERS 1	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,651
Changes in assumptions	-	-
Change in proportion and differences between city contributions and proportionate share contributions	-	-
City contributions subsequent to the measurement date	2,255	-
Total	\$ 2,255	\$ 1,651

	PERS 2/3	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,257	\$ 1,694
Net difference between projected and actual earnings on pension plan investments	-	11,466
Changes in assumptions	202	3,305
Change in proportion and differences between city contributions and proportionate share contributions	53	730
City contributions subsequent to the measurement date	3,663	-
Total	\$ 6,175	\$ 17,195

The city reported \$5.9 million (PERS 1: \$2.3 million, and PERS 2/3: \$3.7 million) as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date and these will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred

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

Year ended June 30	PERS 1	PERS 2/3
2019	\$ (365)	\$ (3,695)
2020	(863)	(6,034)
2021	(308)	(2,760)
2022	(115)	(1,546)
2023	-	(593)
Thereafter	-	45
Total	\$ (1,651)	\$ (14,583)

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

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 30,949	\$ 24,714	\$ 19,303
PERS 2/3	60,414	7,877	(35,233)

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

Public Safety Employees’ Retirement System (PSERS)

General Information about PSERS

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

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

Participants in the plan are listed below:

	PSERS
Participants	10

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

Contribution. Each biennium of the Department of Retirement Systems, the Washington State’s 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 Washington State Legislature. The methods used to determine the contribution requirements are established under state statute in accordance with RCW 41.37 and 41.45.

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

The contribution rates and actual contributions to PSERS for the year ending December 31, 2019 were as follows, with contributions in thousands:

	Employer		Employee	
	1/1-6/30	7/1-12/31	1/1-6/30	7/1-12/31
PSERS Plan 1	7.01%	6.83%	7.07%	7.20%
PSERS Plan 1 UAAL	5.13%	5.13%		
Administration Fee	0.18%	0.18%		
Total	12.32%	12.14%	7.07%	7.20%

2019 Employee contributions	
PSERS	\$ 49

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

At December 31, 2019, the city reported an asset of \$19 thousand for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The city’s proportion of the net pension asset was based on a projection of the city’s long-term share of contributions to the pension plan relative to the projected contributions of all participating local governments, actuarially determined. At June 30, 2019, the city’s proportion was 0.15 percent, which was a decrease of 0.04 percent from its proportionate share measured as of June 30, 2018.

For the year ended December 31, 2019, the city recognized a total pension expense of \$29 thousand for the PSERS pension plans. As of December 31, 2019, the city reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources, in thousands:

	PSERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16	\$ 2
Net difference between projected and actual earnings on pension plan investments	-	33
Changes in assumptions	-	10
Change in proportion and differences between city contributions and proportionate share contributions	1	15
City contributions subsequent to the measurement date	26	-
Total	\$ 43	\$ 60

The city reported \$26 thousand as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date and these will be recognized as a reduction of the net pension asset in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows, in thousands:

Year ended June 30	PSERS
2019	\$ (7)
2020	(12)
2021	(8)
2022	(5)
2023	(2.00)
Thereafter	(9)
Total	\$ (43)

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

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PSERS	\$ 197	\$ (19)	\$ (189)

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

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

General Information about LEOFF

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

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

Participants in the plan are listed below:

	LEOFF 1	LEOFF 2
Participants	1	393

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

Contribution. Plan 1 employers are required to contribute at the administrative rate of 0.18 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 Washington State Legislature. Employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fund the system.

City of Bellevue, Washington

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

The contribution rates and actual contributions to LEOFF for the year ending December 31, 2019 were as follows, with contributions in thousands:

	Employer		Employee	
	1/1-6/30	7/1-12/31	1/1-6/30	7/1-12/31
LEOFF Plan 1	0.00%	0.00%	0.00%	0.00%
Administration Fee	0.18%	0.18%		
Total	0.18%	0.18%	0.00%	0.00%

	Employer		Employee	
	1/1-6/30	7/1-12/31	1/1-6/30	7/1-12/31
LEOFF 2 Plan	5.25%	5.15%	8.75%	8.59%
Administration Fee	0.18%	0.18%		
Total	5.43%	5.33%	8.75%	8.59%

2019 Employee contributions	
LEOFF 1	\$ -
LEOFF 2	2,694

The Washington State Legislature, by means of a special funding arrangement, appropriates money from the State General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and can be changed by statute. For the fiscal year ended June 30, 2019, the state contributed \$73.0 million to the LEOFF 2 Plan.

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

At December 31, 2019, the city reported a total pension asset of \$38.9 million for its proportionate share of the net pension asset (LEOFF 1 was \$6.2 million and LEOFF 2 was \$32.7 million). The amount of the asset reported for LEOFF reflects a reduction for state pension support provided to the city as its proportional share of the net pension asset, the related state support, and the total portion of the net pension asset that was associated with the city were as follows, in thousands

	LEOFF 1	LEOFF 2
City's proportionate share	\$ (6,215)	\$ (32,676)
State's proportionate share of the net pension asset associated with the employer	(42,034)	(21,399)
Total	\$ (48,249)	\$ (54,075)

At June 30, 2019, the city's proportion for LEOFF 1 was 0.31 percent, which did not change from its proportionate share measured as of June 30, 2018. The city's proportion for LEOFF 2 was 1.41 percent, which was a decrease of 0.03 percent from its proportionate share measured as of June 30, 2018.

City of Bellevue, Washington

For the year ended December 31, 2019, the city recognized a total pension expense of \$0.2 million for the LEOFF pension plans. As December 31, 2019, the city reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources, in thousands:

	LEOFF 1	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	644
Changes in assumptions	-	-
Change in proportion and differences between city contributions and proportionate share contributions	-	-
City contributions subsequent to the measurement date	-	-
Total	\$ -	\$ 644

	LEOFF 2	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,351	\$ 588
Net difference between projected and actual earnings on pension plan investments	-	6,700
Changes in assumptions	54	3,677
Change in proportion and differences between city contributions and proportionate share contributions	408	530
City contributions subsequent to the measurement date	1,311	-
Total	\$ 4,124	\$ 11,495

The city reported \$1.3 million as deferred outflows of resources for LEOFF 2 related to pensions resulting from city contributions subsequent to the measurement date and these will be recognized as a reduction of the net pension asset in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows, in thousands:

Year ended June 30	LEOFF 1	LEOFF 2
2019	\$ (150)	\$ (1,744)
2020	(330)	(3,376)
2021	(119)	(1,556)
2022	(45)	(845)
2023	-	(308)
Thereafter	-	(853)
Total	\$ (644)	\$ (8,682)

Sensitivity of the city's proportionate share of net pension asset to changes in the discount rate. The following presents the city's proportionate share of the net pension asset calculated using the discount rate of 7.4 percent, as well as what

the city's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower (6.4 percent) or 1 percentage point higher (8.4 percent) than the current rate, in thousands:

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
LEOFF 1	\$ (5,084)	\$ (6,215)	\$ (7,191)
LEOFF 2	(6,076)	(32,677)	(54,390)

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

PERS, PSERS, and LEOFF Actuarial Assumptions

Actuarial assumptions. The total pension liability for each of the plans was determined using the more recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. The actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2018 valuation reflect the results of Office of State Actuary's 2007-2012 Experience Study and the 2017 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The total pension liability was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled forward from June 30, 2018 to June 30, 2019, reflecting each plan's normal cost (using Entry Age Cost Method), assumed interest and actual benefit payments.

The long-term expected rate of return of 7.4 percent on pension plan investment was determined using a building-block method. The Washington State Investment Board used a best estimate of expected future rate of returns (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Percent Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	2.2%
Tangible Assets	7%	5.1%
Real Estate	18%	5.8%
Global Equity	32%	6.3%
Private Equity	23%	9.3%
	<u>100%</u>	

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

Firefighters’ Pension Plan

Plan Description

Plan administration. The city administers the Firefighters’ Pension Plan (the Plan) as a single-employer defined benefit pension plan that provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit terms were established by RCW 41.16 and amended by RCW 41.18. The state retains the authority to amend benefit terms.

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

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

Employees covered by benefit terms. Membership is limited to firefighters employed prior to March 1, 1970, when the LEOFF retirement system was established. The Plan is closed to new entrants. At December 31, 2019, pension membership consisted of the following:

Retirees after March 1, 1970, currently receiving full retirement benefits through LEOFF 1 and also receiving an adjustment from the Firefighters' Pension Plan	23
Retirees after March 1, 1970, receiving LEOFF 1 pensions exceeding the Firefighters' Pension Fund and, therefore, not qualifying for excess benefit payment from the Firefighters' Pension Plan	6
Active plan members	-
Total	29

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 eligible active firefighters are required to contribute based on age. The city is required to contribute a tax of \$0.225 cents per \$1,000 of assessed value against all taxable property, unless a qualified actuary establishes that the whole or any part of said dollar rate is not necessary to maintain the actuarial soundness of the Plan. For the year ended December 31, 2019, the state contributed \$227 thousand and neither member nor employer made contributions to the Plan. As of the last actuarial study dated January 1, 2020, the actuary determined that current Plan assets and future contributions from state fire insurance taxes and interest earnings will be sufficient to pay all future Plan benefits.

Investments

Investment policy. Plan investments are invested with the city’s funds, and therefore, follow city investment policy. The city’s policy regarding the allocation of invested assets is established and may be amended by the Director of Finance and Asset Management or their designee as authorized by City Council. The primary objective of the investment policy is to protect the city’s principal sums and enable the city to generate a market rate of return from its investment

activities while assuring adequate liquidity to meet its cash flow needs. All investment activities are in compliance with Washington State law. The following was the city’s adopted asset allocation policy as of December 31, 2019:

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

Concentrations. The Plan held the following investments in organizations that represent 5 percent or more of the Plan’s fiduciary net position and are not issued by the US Government at December 31, 2019:

Investment Type	% of Net Position
State Pool	61%
Federal Agency Coupon Securities	23%
Opus DD Account	8%

Rate of return. For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments was 2.9 percent. The money-weighted rate of return expresses investment performance adjusted for the changing amounts invested.

Net Pension Asset

The city’s net pension asset was measured as of January 1, 2020 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. An actuarial report was issued for the city by Trautmann, Maher, and Associates.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the January 1, 2020 valuation were based on the 2001-2006 Experience Study for the Law Enforcement Officers’ and Fire Relief and Retirement System prepared by the Office of the State Actuary using the Entry Age Normal Cost Method and attributing liability as a level percentage of compensation.

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

Changes in the Net Pension Asset

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balance at December 31, 2018	\$ 4,598	\$ 6,865	\$ (2,267)
Changes for the year:			
Service cost	-	-	-
Interest	156	-	156
Differences between expected and actual experience	(616)	-	(616)
Contribution - employer	-	227	(227)
Contributions - employee	-	-	-
Net investment income	-	199	(199)
Benefit payments, including refunds of employee contributions	(256)	(256)	-
Administrative expenses	-	(22)	22
Other charges	-	-	-
Net changes	<u>(716)</u>	<u>148</u>	<u>(864)</u>
Balance at December 31, 2019	<u>\$ 3,882</u>	<u>\$ 7,013</u>	<u>\$ (3,131)</u>

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

	1% Decrease (2.5%)	Current Discount Rate (3.5%)	1% Increase (4.5%)
City's net pension asset	\$ (2,791)	\$ (3,130)	\$ (3,426)

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

For the year ended December 31, 2019, the city recognized a pension expense of \$0.8 million. There were no deferrals of resources as the actuarial report made the assumptions and valuations as of the end of the city's fiscal year. For the year ended December 31, 2019, the city reported a receivable of \$3.1 million for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2019.

Municipal Employees' Benefit Trust

Plan Description

The Municipal Employees' Benefit Trust (MEBT) is a multiple-employer defined-contribution pension plan. MEBT is an alternative to the federal Social Security system created by the City of Bellevue on October 1, 1972. The participating entities include Bellevue, Edmonds, Federal Way, Kirkland, Mill Creek, Redmond, Woodinville and NORCOM with a total of 5,805 participants (Bellevue has 1,837 MEBT 1 participants and 542 MEBT 2 participants).

MEBT is governed by a five-member leadership body that is appointed by Bellevue City Manager. The plan provisions may be established and amended by a majority vote of the committee. The investments are management by the board and are held by the Matrix Trust Company. Each city is responsible for created their own Plan Document for the specifics regarding participation, contributions, and disbursements.

Eligibility. To participate in MEBT, an employee must by hired into one of the following classifications: 1) Regular status employee of the City of Bellevue (as defined by Human Resources Code Section 3.79); 2) city councilmember; or 3) employee designated as eligible for MEBT. The eligible employees are currently defined as limited term, training and transitional employees. Participation in MEBT 1 is voluntary and beings on the date of hire. Hourly employees, who do

not participate in PERS, participate in MEBT 2. Participation in MEBT 2 is mandatory for these employees and begins on the date of hire.

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 Social Security 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 Social Security tax rate, currently 6.2 percent of compensation.

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

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

As of the last day of each month, the employer contributions, net of forfeitures, administrative fees and insurance premiums paid during the month, are allocated to eligible employees participating in MEBT. The allocations are made in the same proportion as each participant’s basic pre-tax and after-tax contributions share to the total basic pre-tax and after-tax contributions.

The city incurred a total expense of \$8.5 million for MEBT for the year ending December 31, 2019. Employees may contribute up to federal deferral limits, annual addition limits, and any other tax rules that may apply. Actual employee contributions to the plan for 2019 were as follows, in thousands:

	MEBT 1	MEBT 2
Participants	\$ 8,800	\$ 49

Vesting. MEBT 1 participants become fully vested after three years. MEBT 2 participants are fully vested immediately. Employees are 100 percent vested in their own contributions to MEBT.

Meydenbauer Center Retirement Plan and Trust

Plan Description

The BCCA Meydenbauer Center Retirement Plan and Trust (Plan) is a defined contribution plan qualified for public employers under IRS Section 401(a). The Plan, approved by resolution of the BCCA Board of Directors, became effective July 1, 1995. Wells Fargo Bank serves as the Plan Administrator, Plan Trustee and Investment Manager. As of December 31, 2019, there were 90 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 BCCA and employees each contribute 5 percent of compensation to the Plan. Additionally, each participant may contribute on his or her own behalf at least 1 percent but not more than 10 percent of his or her compensation on a post-tax basis. The BCCA’s contributions to the Plan were based on percent of covered payroll. Actual contributions to the plan for 2019 were as follows, in thousands:

Participants	\$	213
Authority	\$	186

Note 8: Other Personnel Benefits

Plan Description

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

Benefits provided

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

Employees covered by benefit terms

At December 31, 2019, the following employees were covered by the benefits terms:

Inactive employees currently receiving benefit payments	118
Inactive employees entitled but not yet receiving benefit payments	-
Active employees	<u>1</u>
	<u><u>119</u></u>

This plan is closed to new entrants.

Total OPEB liability

The city’s total OPEB liability of \$32.0 million was measured as of December 31, 2019 and was determined by an actuarial valuation date of December 31, 2019.

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumption and other inputs, applied to all periods included in the measurement unless otherwise specified:

Medical Consumer Price index Trend	Chain -CPI of 2% per annum
Salary increases	3.0%
Discount rate	2.7%
Healthcare cost trend rate	4.5%

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

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

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

Changes in the Total OPEB liability

	Total OPEB Liability (In thousands)
Balance at January 1, 2019	<u>\$ 28,547</u>
Changes for the year:	
Service costs	4
Interest costs	1,134
Changes of benefit terms	-
Differences between expected and actual experience	-
Change in assumption or other inputs	4,093
Contributions from employer	-
Net investment income	-
Benefit payments	(1,808)
Administration expenses	-
Net change in total OPEB liability	<u>3,423</u>
Total OPEB liability at December 31, 2019	<u><u>\$ 31,970</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 4.1 percent in 2018 to 2.7 percent in 2019.

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

The following presents the total OPEB liability of the city, as well as what the city's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.74 percent) or 1 percentage point higher (3.74 percent) than the current discount rate, in thousands:

1% Decrease (1.74%)	Discount Rate (2.74%)	1% Increase (3.74%)
\$ 35,443	\$ 31,970	\$ 29,017

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

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

1% Decrease (3.5%)	Healthcare Cost Trend Rates (4.5%)	1% Increase (5.5%)
\$ 33,558	\$ 31,970	\$ 28,864

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

For the year ended December 31, 2019, the city recognized an OPEB expense of \$3.4 million. At December 31, 2019, the city did not have any reportable deferred outflows of resources or deferred inflows of resources related to OPEB.

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

Note 9: Compensated Absences

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

Governmental activities:	
General fund	\$ 11,624
Nonmajor governmental funds	<u>185</u>
Total governmental activities	11,809
Business-type activities:	
Storm & surface water utility	314
Water utility	406
Sewer utility	<u>365</u>
Total business-type activities	1,085
Internal Service activities	<u>1,171</u>
Total compensated absences	<u><u>\$ 14,065</u></u>

Note 10: Risk Management

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

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

At December 31, 2019, the city had available cash and equity in pooled investments in the self-insurance funds of \$16.6 million to provide against risk of catastrophic losses. The claims liability reported in the self-insurance funds is based on the requirements of GASB Statement No. 10. Prior to the issuance of the financial statements, the standard requires that a liability for claim be reported if it is probable that a liability has been incurred at the date of the financial statements and can be reasonably estimated. This estimated liability is not discounted to present value.

City of Bellevue, Washington

Changes in the Funds' claims liability amount from fiscal year ended December 31, 2018 to December 31, 2019, in thousands:

	<u>Workers'</u> <u>Compensation</u>	<u>Unemployment</u> <u>Compensation</u>	<u>General</u> <u>Self-Insurance</u>	<u>Health</u> <u>Benefits</u>
December 31, 2018:				
Unpaid claims, beginning of fiscal year	\$ 2,445	\$ 21	\$ 2,770	\$ 1,737
Incurred claims (including IBNR)	2,314	184	913	18,261
Claim payments	<u>(2,015)</u>	<u>(168)</u>	<u>(1,113)</u>	<u>(18,527)</u>
Unpaid claims, December 31, 2018	<u>\$ 2,744</u>	<u>\$ 37</u>	<u>\$ 2,570</u>	<u>\$ 1,471</u>
December 31, 2019:				
Unpaid claims, beginning of fiscal year	\$ 2,744	\$ 37	\$ 2,570	\$ 1,471
Incurred claims (including IBNR)	1,605	136	478	18,117
Claim payments	<u>(1,640)</u>	<u>(154)</u>	<u>(1,061)</u>	<u>(18,170)</u>
Unpaid claims, December 31, 2019	<u>\$ 2,709</u>	<u>\$ 19</u>	<u>\$ 1,987</u>	<u>\$ 1,418</u>
Due within one year	\$ 1,492	\$ 19	\$ 1,005	\$ 1,418
Due in more than one year	\$ 1,217	\$ -	\$ 982	\$ -

City of Bellevue, Washington

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.

<u>Policy Type</u>	<u>Deductible</u>	<u>Coverage</u>	<u>Description</u>
Excess Workers' Compensation Employer's Liability - All Employees	\$ 500,000	\$ 2,000,000	Protects the city from unanticipated levels of workers' compensation claims.
Boiler & Machinery	100,000	475,000,000 ^(A)	Protects the city from loss due to damage to buildings, and contents from boilers and machinery.
Real & Personal Property	10,000	475,000,000 ^(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	300,000	Unlimited ^(B)	Stop-loss coverage protects the city from excessive individual claims.
Excess Liability Coverage	2,000,000	20,000,000 ^(A)	Protects the city from excessive individual liability losses.
Fiduciary Liability	15,000	7,000,000	Protects the city's retirement plans from wrong doing by board members.
Fine Arts	None	1,320,000	Protects the city from loss due to damage to its art work.
Crime & Fidelity, Employee Theft, Forgery or Alteration, Funds Transfer Fraud	10,000	1,000,000 ^(A)	Protects the city from loss due to employee dishonesty and other extended coverages.
Privacy & Network Liability	50,000	5,000,000	Protects the city from loss due to a data breach and other extended coverages.
Garage Keepers Liability	1,000	1,000,000 ^(A)	Protects the city from loss due to its non-city owned vehicle repair operations.
Storage Tank Liability	5,000	4,000,000	Protects the city from loss due to any third party liability claims resulting from underground storage tank incidents.
Terrorism or Sabotage	25,000	200,000,000	Protects the city from loss due to an act of terrorism or sabotage.
Auto & Equipment Physical Damage	25,000	10,000,000 ^(A)	Protects the city from loss due to damage to vehicles and equipment.
International Advantage	None	4,000,000	Protects all city employees while traveling abroad
		^(A)	per occurrence
		^(B)	per individual

Discretely Presented Component Unit

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

Note 11: Leases and Other Contractual Commitments

Operating Leases

Terranomics Crossroads Associates

Effective November 10, 1994, the city entered into a one-year non-cancelable lease agreement with Terranomics Crossroads Associates to provide a Mini City Hall in the Crossroads area. Since 1994, the lease has been extended via mutual agreement between both parties. The current lease extension ends November 30, 2023. Total lease payments for 2019 were \$16 thousand. Future minimum lease payments to Terranomics Crossroads Associates are \$66 thousand for January 1, 2020 to November 30, 2023.

Effective September 25, 2000, the city entered into a five-year non-cancelable lease agreement with Terranomics Crossroads Associates to provide a community police substation in the Crossroads area. Since 2000, the lease has been extended via mutual agreement between both parties. The current lease extension ends September 2020. Total lease payments for 2019 were \$24 thousand. Future minimum lease payments to Terranomics Crossroads Associates are \$18 thousand for January 1, 2020 to September 30, 2020.

Factoria Square Police Substation

Effective August 1, 2016, the city entered into a five-year lease agreement with Kimschott Factoria Mall, LLC to provide space designated for a police substation within Factoria Mall. The current lease ends July 31, 2021. Total lease payments for 2019 were \$16 thousand. Future minimum lease payments to Kimschott Factoria Mall, LLC are \$25 thousand for January 1, 2020 to July 31, 2021.

Delta Business Park

Effective January 1, 2005, the city entered into a five-year lease agreement with Delta Business Park for a storage facility for use by the Bellevue 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 2019 were \$13 thousand.

Effective July 1, 2016 the city entered into another five-year lease agreement with Delta Business Park for a building to store vehicles and equipment. The current lease ends June 30, 2021. Total lease payments for 2019 were \$26 thousand. Future minimum lease payments to Delta Business Park are \$40 thousand for January 1, 2020 to June 30, 2021.

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

Effective July 1, 2009, the city entered into a seven-year non-cancelable lease agreement with NORCOM to lease premises on the seventh floor of Bellevue City Hall during which time it will operate its public safety communications services. The lease automatically renewed on July 1, 2016 for an additional seven years ending on June 30, 2023, with another automatic seven-year renewal. Total lease receipts for 2019 were \$528 thousand.

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

District Court

The city entered into an 11-year lease agreement for the District Court. The lease term began on July 1, 2014 and ends on June 30, 2025. There are three options for extensions in 5-year increments for a total of 15 additional years. Payments began on July 1, 2016. Total lease payments for 2019 were \$933 thousand.

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

2020	\$	667
2021		687
2022		707
2023		729
2024		751
Thereafter		380
Total future minimum lease payments	\$	<u>3,921</u>

Construction/Other Contractual Commitments

The city's outstanding contractual commitments by fund type as of December 31, 2019 are summarized below, in thousands:

Governmental activities:	
General Fund	\$ 406,691
General CIP	105,072
Nonmajor governmental funds	<u>13,158</u>
Total governmental activities	524,921
Business-type activities:	
Storm & surface water utility	5,590
Water utility	306
Sewer utility	33,297
Nonmajor business-type funds	<u>18,743</u>
Total business-type activities	57,936
Total outstanding contractual commitments	<u><u>\$ 582,857</u></u>

Note 12: Interfund Receivables, Payables, and Transfers

Interfund balances as of December 31, 2019 were as follows, in thousands:

DUE TO/FROM OTHER FUNDS	<u>Receivable</u>	<u>Payable</u>
Governmental funds:		
General Fund	\$ -	\$ 76
Proprietary funds:		
Storm Drainage Utility	-	8
Water Utility	-	7
Sewer Utility	-	5
Internal Service Funds	<u>96</u>	<u>-</u>
Total due other funds	<u><u>\$ 96</u></u>	<u><u>\$ 96</u></u>

The receivable and payable balances between city funds consist of fleet services provided by internal service funds.

Interfund transfers as of December 31, 2019 were as follows, in thousands:

INTERFUND TRANSFERS	In	Out
Governmental funds:		
General Fund	\$ 6,709	\$ 11,173
General Capital Investment Program	7,460	20,198
Nonmajor governmental funds	21,808	5,604
Proprietary funds:		
Storm Drainage Utility	2	-
Water Utility	12	-
Sewer Utility	3	-
Internal Service Funds	1,880	499
Nonmajor proprietary funds	-	400
Total Transfers	\$ 37,874	\$ 37,874

The city incurs transfers for subsidies, indirect overhead, capital improvements, capital purchases, and debt service. The transfer between the city and the component unit consists of transient occupancy taxes pledged to BCCA due at year-end. The transfer from the Hotel/Motel Tax Fund to BCCA for the year ended December 31, 2019 was \$2.0 million.

Note 13: Long-Term Debt

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

Long-Term Debt

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

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

On April 30, 2013, the city issued \$70.4 million in limited tax general obligation (LTGO) bonds with an average interest rate of 4.3 percent to finance, reimburse or refinance a portion of the city's capital improvement program. Maturity dates range from 2032 through 2037.

On April 28, 2015, the city issued \$97.9 million in LTGO bonds with an average interest rate of 4.4 percent to finance, reimburse or refinance a portion of the city's capital investment program, acquire certain real property, finance improvements to Meydenbauer Center, and refund a portion of the city's outstanding LTGO bonds to obtain the benefit of debt service savings. Maturity dates range from 2026 through 2034.

On June 9, 2017, the city entered a Transportation Infrastructure Finance and Innovation Act (TIFIA) limited tax general obligation bond with a principal amount of \$99.6 million in project proceeds and up to \$20.4 million in capitalized interest. At a closing interest rate of 2.9 percent, the closing terms provided the city with a full deferral to pay debt service until 2024, two years post project substantial completion. Interest that accrues prior to the first debt service payment will be capitalized. In addition, the terms allow for a phased disbursement, with no change in interest rate. The city will draw loan disbursement in conjunction with spending. The bond will mature in either December 2056 or 35 years post substantial completion, whichever is earlier. This bond will aid the construction of an additional five mobility projects to support projected growth in the BelRed, downtown, and Wilburton areas

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

The city has pledged 100 percent of future transient occupancy tax (also called hotel/motel tax) revenue to repay bonds issued by the city and by BCCA for the building, expansion, and capital improvements related to Meydenbauer Center. The repayments from hotel/motel tax includes \$34.9 million in special obligation revenue bonds issued by BCCA in 1991 and 1994, \$14.7 million in limited tax general obligation bonds issued by BCCA in 1995 and 2010 (to refund 2002 bonds), and \$7.6 million issued by the city in 2015. The bonds are payable solely from the hotel/motel tax revenue through 2034 or when all debt payments have been made, whichever is earlier. Any remaining hotel/motel tax revenue after satisfying debt service payments are remitted to BCCA to fund operations. The total principal and interest remaining to be paid on the bonds is \$73.2 million. Principal and interest paid for the current year and total pledged revenue were \$10.0 million and \$12.5 million, respectively.

Advanced Refunding

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

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

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

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

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

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

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

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

The city advance refunded the remaining callable portion of the 2004 LTGO bonds to reduce its total combined debt service payments over the next 32 years by \$3.7 million and to obtain an economic gain of \$2.2 million. The advance refunding also resulted in a difference between the net reacquisition price and the net carrying amount of the old debt

of \$4.5 million. This amount, reported in the statement of net position as a deferred outflow of resources, is being charged to operations through the year 2043 using the effective interest method.

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

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

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

Other Long-Term Liabilities

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

City of Bellevue, Washington

LONG- TERM DEBT GOVERNMENTAL ACTIVITIES

For the Year Ended December 31, 2019

(in thousands)

Description	Interest Rate	Fund Responsible to Pay Debt	Issue Date	Maturity Date	Original Debt Issued	Debt Outstanding 1/1/19	Debt Issued	Debt Redeemed	Debt Outstanding 12/31/19
General Obligation Bonds-Councilmanic:									
1995 Limited G.O.	5.15-5.80%	Hotel/ Motel Tax	12/27/95	12/01/25	\$ 5,139	\$ 1,149	\$ -	\$ 193	\$ 956
2010 Limited Tax G.O.	2.00-5.00%	General CIP	10/14/10	12/01/30	11,825	8,100	-	535	7,565
2010 Limited Tax G.O. Refunding Series 2002	2.00-4.00%	Hotel/ Motel Tax	09/28/10	12/01/32	9,595	6,965	-	390	6,575
2012 Limited G.O. Refunding Series 2012	2.00-5.00%	General CIP	04/17/12	12/01/39	55,875	48,895	-	1,860	47,035
2012 Limited G.O. Refunding Series 2012B	2.00-5.00%	General CIP	07/18/12	12/01/43	43,185	42,840	-	65	42,775
2013 Limited Tax G.O. Sound Transit Portion	2.00-5.00%	General CIP	04/30/13	12/01/32	62,605	50,045	-	2,585	47,460
2013 Limited G.O. Local Revitalization	2.00-5.00%	Debt Service	04/30/13	12/01/37	7,800	6,520	-	220	6,300
2015 Limited G.O. Refunding Series 2006	3.00-5.00%	General CIP	04/28/15	12/01/26	3,295	2,760	-	290	2,470
2015 Limited G.O. Refunding Series 2008	3.00-5.00%	General CIP	04/28/15	12/01/27	7,855	7,225	-	655	6,570
2015 Limited G.O. Metro & CIP	3.00-5.00%	General CIP	04/28/15	12/01/34	79,140	72,350	-	3,190	69,160
2015 Limited G.O. BCCA	3.00-5.00%	Hotel/ Motel Tax	04/28/15	12/01/34	7,645	6,985	-	310	6,675
Transportation Infrastructure Finance and Innovation Act	2.86%	General CIP	06/09/17	12/01/56	99,600	990	6,607	-	7,597
Other Long- Term Debt:									
Public Works Trust Fund Loan #06-962	0.50%	General CIP	02/01/07	02/01/28	750	319	-	40	279
Total					\$ 394,309	\$ 255,143	\$ 6,607	\$ 10,333	\$ 251,417

City of Bellevue, Washington

At December 31, 2019, the city's annual debt service requirements for general obligation and other debt were:

ANNUAL DEBT SERVICE REQUIREMENT TO MATURITY
(in thousands)

Year	General Obligation Bonds		Governmental Other Debt		Total Annual Requirements
	Principal	Interest	Principal	Interest	
2020	\$ 10,753	\$ 11,194	\$ 40	\$ 1	\$ 21,988
2021	11,253	10,685	40	1	21,979
2022	11,783	10,154	40	1	21,978
2023	12,350	9,600	40	1	21,991
2024	13,071	9,226	40	1	22,337
2025-2029	70,795	34,574	80	1	105,449
2030-2034	67,315	19,173	-	-	86,488
2035-2039	25,671	8,692	-	-	34,363
2040-2044	24,541	2,995	-	-	27,536
2045-2049	1,356	431	-	-	1,787
2050-2054	1,561	224	-	-	1,785
2055-2056	690	25	-	-	715
Total	\$ 251,138	\$ 116,973	\$ 279	\$ 6	\$ 368,396

City of Bellevue, Washington

LONG-TERM DEBT – DISCRETELY PRESENTED COMPONENT UNIT
BELLEVUE CONVENTION CENTER AUTHORITY
 For the Year Ended December 31, 2019
 (in thousands)

Description	Interest Rate	Issue Date	Maturity Date	Original	Debt	Debt Issued	Debt Redeemed	Debt
				Debt Issued	Outstanding 1/1/19			Outstanding 12/31/19
1991 Series B	5.9-7.20%	08/01/91	12/01/19	\$ 21,120	\$ 672	\$ -	\$ 672	\$ -
1994 Refunding	6.25-7.50%	11/05/93	12/05/25	13,749	7,042	-	508	6,534
Total Revenue Bonds				<u>\$ 34,869</u>	<u>\$ 7,714</u>	<u>\$ -</u>	<u>\$ 1,180</u>	<u>\$ 6,534</u>
Add:								
Unamortized gain on advance refunding								500
Total								<u>\$ 7,034</u>

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

At December 31, 2019 BCCA's debt service requirements for revenue bonds were:

ANNUAL DEBT SERVICE REQUIREMENT TO MATURITY
 (in thousands)

Year	Revenue Bonds		Total Annual Requirements
	Principal	Interest	
2020	\$ 539	\$ 2,901	\$ 3,440
2021	1,238	7,262	8,500
2022	1,224	7,826	9,050
2023	1,269	8,831	10,100
2024-2025	2,264	17,836	20,100
Total	<u>\$ 6,534</u>	<u>\$ 44,656</u>	<u>\$ 51,190</u>

CHANGES IN LONG-TERM LIABILITIES
(in thousands)

	Beginning		Ending		Due Within
	Balance	Additions	Reductions	Balance	One Year
Governmental Activities:					
General obligation bonds	\$ 254,824	\$ 6,607	\$ (10,293)	251,138	\$ 10,753
Add: for issuance premium	25,475	-	(1,624)	23,851	-
Compensated absences	12,107	10,867	(9,994)	12,980	3,894
Estimated claims payable	6,821	20,336	(21,025)	6,133	3,934
Net pension liability	38,987	31,248	38,987	31,248	-
Other post employment benefits	28,547	5,231	(1,808)	31,970	-
Asset Retirement Obligation	-	7,937	-	7,937	-
Other long-term debt	319	-	(40)	279	40
Total	\$ 367,080	\$ 82,226	\$ (5,797)	\$ 365,536	\$ 18,621
Business Activities:					
Compensated absences	\$ 1,004	\$ 1,225	\$ (1,144)	\$ 1,085	\$ 325
Net pension liability	4,090	1,343	(4,090)	1,343	-
Total	\$ 5,094	\$ 2,568	\$ (5,234)	\$ 2,428	\$ 325
Bellevue Convention Center Authority:					
Revenue bonds	\$ 7,714	\$ -	\$ (1,180)	\$ 6,534	\$ 539
Compensated absences	130	279	(236)	173	17
Accrued interest on revenue bonds	38,631	-	(3,598)	35,033	2,891
Deposits payable	996	3,020	(3,027)	989	849
Total	\$ 47,471	\$ 3,299	\$ (8,041)	\$ 42,729	\$ 4,296

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

Note 14: Related Party Transactions

The city acts as a conduit for hotel/motel taxes, which are collected by the city and transmitted to the BCCA for debt service. The total taxes remitted as of December 31, 2019, totaled \$10.6 million.

Note 15: Contingencies and Litigation

As of December 31, 2019, there were various claims for damages and lawsuits pending against the city. In the opinion of the City Attorney, the potential liability arising from all actions currently pending cannot be estimated at this time, and therefore, no current or long-term liability has been recorded.

Note 16: Joint Ventures

Eastside Public Safety Communications Agency (EPSCA)

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

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

Upon dissolution of the corporation, the net position of the EPSCA will be shared proportionally by participating agencies at the time of dissolution. The Principals are each obligated by interlocal agreement to remit costs related to the public safety radio communication system based upon the number of radios each participating agency has contracted for in order to supplement the EPSCA's operating revenues. The city paid \$229 thousand in services fees in 2019.

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

Cascade Water Alliance

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

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

Upon dissolution of the corporation, the net position of the Alliance will be shared by current Members at the time of dissolution based on demand shares. The Members are each obligated by interlocal agreement to remit costs related to the Alliance based on the number of Cascade Equivalent Residential Units served by its water system, regardless of water usage or capacity, to defray part of the Alliance's administrative costs. In addition, to allocate growth costs to those Members that require capacity increases, each Member shall pay a Regional Capital Facilities Charge (RCFC) determined by the Board. The city paid \$1.3 million in annual dues and \$2.5 million in RCFC in 2019.

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

A Regional Coalition for Housing (ARCH)

The city is a participant (Party) in a joint venture with the cities of Bothell, Clyde Hill, Hunts Point, Issaquah, Kenmore, Kirkland, Medina, Mercer Island, Newcastle, Redmond, Sammamish, Woodinville and Yarrow Point called A Regional Coalition for Housing (ARCH). ARCH was created by an interlocal agreement to cooperatively formulate affordable

housing goals and policies. ARCH fosters efforts to provide affordable housing on the Eastside by combining public funding with private-sector resources.

ARCH is governed by an Executive Board composed of the chief executive officer from each Party. The Board is responsible for review and approval of all budgetary, financial, policy, and contractual matters. The Board is assisted by a program manager, an administrative staff and a Citizen Advisory Board. The City of Bellevue serves as the administering agency for ARCH for the purposes of recording financial data and issuing contracts on behalf of the Parties.

Each Party provides annual funding for ARCH operations and contributes to a reserve held in the city's ARCH Housing Trust Fund for affordable housing development projects. The Parties' operating contribution is determined by the ARCH annual budget which is approved by the Executive Board. The Executive Board identifies and prioritizes housing development projects to be funded by grants and loans from the Parties' ARCH Housing Trust Fund accounts, as well as from Community Development Block Grants.

Parties may withdraw from the ARCH agreement by providing one year's written notice. Parties remain legally and financially responsible for any obligation incurred while a Party to the ARCH agreement. Upon dissolution, all property and assets are to be distributed among the Parties based on each Party's pro rata contribution to the overall budget at the time the agreement is terminated.

In 2019, the city contributed \$173 thousand for ARCH operations, and \$2.3 million to fund affordable housing projects. In addition, the city contributed \$1.7 million for prior year project expenditures as detailed in Note 21: Prior Period Adjustment.

Budget monitoring information can be obtained from ARCH, c/o Lindsay Masters, 16225 NE 87th St, Suite A-3, Redmond, WA 98052

eCityGov Alliance

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

A Principle Partner may withdraw by written notice to the Executive Board. Any portion of annual fees for the current calendar year shall be forfeited upon such withdrawal. The withdrawing Principle Partner also forfeits the Principle Partner proportionate interest, including but not limited to: ownership rights to hardware, software intellectual property owned by eCityGov, and any future revenues associated with eCityGov products and services.

Upon dissolution of the corporation, all property acquired shall be disposed of as follows: (1) property contributed without charge by any member shall revert to the contributor or in the event the contributor had previously resigned as a Principle 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 Principle Partner based upon each Principle 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 Principle Partner; and (4) Principle Partner owned data shall be returned to the owner.

The city paid \$315 thousand in annual fees in 2019. The city reports the activity of eCityGov in the city's Statement of Fiduciary Net Position and Statement of Changes in Assets and Liabilities.

All Principle Partner, Subscribers and Basic Members remit annual fees. Expenditures in 2019 were \$1.3 million, revenues were \$1.4 million. The Principle Partner 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 Principle Partner cities and

City of Bellevue, Washington

will proportionally share in obligations and benefits, financial or otherwise, from such ownership interest. Principle Partner fees and voting are based on relative population, equity balances are as follows, with dollars in thousands:

	Population *	Percentage	Equity
Bellevue	145,300	38.93%	\$ 488
Kirkland	88,940	23.83%	299
Sammamish	64,410	17.26%	216
Issaquah	37,590	10.07%	126
Kenmore	23,320	6.25%	78
Snoqualmie	13,670	3.66%	46
Total	373,230	100.00%	\$ 1,253

*2019 Population figures were provided by the State of Washington Office of Financial Management which were used to update population and cost allocation for Principle Partner.

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

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

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

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

Upon dissolution of the corporation, the net position of NORCOM will be shared by the Principals at the time of dissolution based on the average of the prior five years of user fees contributed. The Principal agencies are each obligated by interlocal agreement to remit costs related to NORCOM based upon the number of service calls for fire and police operations to supplement NORCOM’s operating revenues.

The city paid \$4.6 million in user fees in 2019.

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

Community Connectivity Consortium

The city is a participant (Member) in a joint venture with Kirkland, Federal Way, Renton, Seattle, Algona, Auburn, Kent, Pacific, Puyallup, Tukwila, Lake Washington School District, University of Washington, Bellevue College, Bellevue School District, King County Public Hospital District No. 2 (Evergreen Healthcare and Valley Communications Center) to operate a regional communications network. The Community Connectivity Consortium (the 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 members and at-large members, as the needs of the Consortium may dictate.

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

The city reports the activity of the Consortium in the city's Statement of Fiduciary Net Position and Statement of Changes in Assets and Liabilities. For the year ended December 31, 2019, total assets and liabilities increased \$69 thousand. Ending balances for total assets and total liabilities are \$208 thousand.

The city paid \$11 thousand in user fees in 2019.

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

Note 17: Governmental Fund Balances

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

Nonspendable

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

Restricted

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

Committed

Fund balance constrained by city code, ordinance or resolution as adopted by City Council, requires similar action to remove the constraint.

Assigned

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

Unassigned

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

Fund Balance Policy

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

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

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

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

City of Bellevue, Washington

The following schedule presents governmental fund balances in accordance with the purposes for which those balances are constrained for the year ending December 31, 2019, in thousands:

	General Fund	General CIP	Other Governmental Funds	Total Governmental Funds
Fund balance				
Nonspendable for:				
Prepays	\$ 488	\$ -	\$ -	\$ 488
Total Nonspendable fund balance	<u>488</u>	<u>-</u>	<u>-</u>	<u>488</u>
Assigned for:				
General government	1,125	32,638	3,848	37,611
Physical environment	-	-	407	407
Transportation	863	2,973	-	3,836
Economic environment	23,368	-	1,256	24,624
Health and human services	772	-	-	772
Culture and recreation	2,126	500	648	3,274
Debt service	-	-	559	559
Total assigned fund balance	<u>28,254</u>	<u>36,111</u>	<u>6,718</u>	<u>71,083</u>
Committed for:				
Physical environment	-	-	2,065	2,065
Economic environment	-	-	2,687	2,687
Total committed fund balance	<u>-</u>	<u>-</u>	<u>4,752</u>	<u>4,752</u>
Restricted for:				
Public safety	647	17,352	1,503	19,502
Physical environment	-	-	13	13
Transportation	-	16,116	-	16,116
Economic environment	-	-	241	241
Health and human services	13	-	10	23
Culture and recreation	-	28,523	6,623	35,146
Debt service	-	-	642	642
Total restricted fund balance	<u>660</u>	<u>61,991</u>	<u>9,032</u>	<u>71,683</u>
Unassigned	47,784	-	-	47,784
Total unassigned fund balance	<u>47,784</u>	<u>-</u>	<u>-</u>	<u>47,784</u>
Fund Balance	<u>\$ 77,186</u>	<u>\$ 98,102</u>	<u>\$ 20,502</u>	<u>\$ 195,790</u>

Note 18: Tax Abatement

The city’s revenues are reduced by tax relief programs employed by the City of Bellevue, King County, and the State of Washington. The following table summarizes the estimated total revenue reduction for the year ended December 31, 2019, in thousands:

	City of Bellevue		Other Governments			Total Revenue Reduction
	Multifamily Tax Exemption	King County Current Use	King County Single-family Dwelling Improvement	State of Washington High-Technology Sales and Use Tax Deferral		
Property Tax	\$ 54	\$ 20	\$ 8	\$ -		\$ 82
Sales and Use Tax	-	-	-	743		743
Total Revenue Reduction						<u>\$ 825</u>

The city’s Multifamily Tax Exemption (MFTE) is an affordable housing incentive for new apartment development in targeted areas of Bellevue pursuant to RCW 84.14 and BCC 4.52. The MFTE provides a 12-year exemption from property taxes paid on the housing portion of qualifying projects in exchange for setting aside 20 percent of the units for income-eligible households. This exemption may be canceled by the city for failure to comply with the terms of the MFTE contract or city code. Upon cancelation, property owners will become immediately liable for all taxes, interest, and penalties.

There are two King County tax relief programs that affect the city’s property tax collection: Current Use and Single-Family Dwelling Improvement programs. The Current Use programs provide property tax abatements to landowners voluntarily preserving open space, farmland or forestland pursuant to RCW 84.33.130, and RCW 84.34.010. To qualify, landowners submit an application to the County Assessor. Once approved, participating properties are assessed according to their “current use,” a value lower than the “highest and best use” assessment that would otherwise apply. When the land no longer meets the program requirements, landowners will be liable for abated taxes, interest, and penalties.

The county’s Single-Family Dwelling Improvement program provides property tax abatements to encourage home improvements under RCW 84.36.400. Any physical improvement to single-family dwellings shall be exempt from taxation for the three years subsequent to the completion of the improvement. Abatements are obtained through application by the property owner, including proof that the improvements have been made and equal 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvements, not to exceed 30 percent of the pre-improvement value of the structure.

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

Note 19: Asset Retirement Obligation

The city has a system of underground fuel storage tanks that have a legally enforceable liability associated with retirement due to environmental impacts. An underground storage tanks system is an underground storage tank with unconnected underground piping, underground ancillary equipment, and containment systems. According to RCW 90.76 and WAC 173-360A, retirement of these assets creates a threat of releasing hazardous materials, mainly petroleum, requiring financial assurance.

The city utilizes the straight-line depreciation method over a 30-year life. For information regarding when these assets were put into service, the city utilized the State of Washington Department of Ecology Tanks database system.

Underground Storage Site	Asset Remaining Useful Life in Years	Liability (in thousands)
Bellevue Service Center	0	\$ -
Fire Station 1	4	69
Fire Station 2	4	81
Fire Station 3	6	115
Fire Station 4	8	165
Fire Station 5	3	55
Fire Station 6	4	75
Fire Station 7	6	102
Fire Station 8	5	94
Fire Station 9	11	207
City Hall	4	356
Bellevue Golf Course	15	81
Pump Station 12	0	-
		<u>\$ 1,400</u>

Note 20: Change in Accounting Principle

For the fiscal year ending December 31, 2019, the city implemented GASB Statement No. 83 “Certain Asset Retirement Obligations,” which provides accounting and reporting guidance on asset retirement obligations. This standard requires governments to report the liabilities not previously required to be reported.

This statement established criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for the ARO. Due to the requirement of this statement, the city has incurred a change in accounting principle of \$6.3 million in the Equipment Rental Fund.

Note 21: Prior Period Adjustment

The city is the administering agency for A Regional Coalition for Housing (ARCH), a joint board created via interlocal agreement with Eastside cities to preserve and develop affordable housing in East King County. In 2019, the city identified financial commitments it had made for development projects undertaken by ARCH but that had not been transferred into the ARCH Housing Trust Fund. A transfer of \$1.7 million from the city’s Housing Fund was made in 2019 to cover the city’s portion of project expenditures made in the periods 2014 through 2018. The city resumed annual transfers in 2019.

Note 22: Subsequent Event

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of a deadly new illness, the Coronavirus Disease of 2019 (COVID-19). In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

The impacts of COVID-19 add uncertainty and are projected to place a near-term impact on city funds. The city is actively managing and taking fiscally responsible correction actions to respond to the COVID-19 impacts in 2020. The future of the virus and the full extent of the impact remain uncertain at the time of issuing the city's CAFR. In response to the fluid nature of COVID-19, the city will continue to monitor and take correction actions to ensure the long-term viability of the fiscal condition of the city.

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Required Supplementary Information

City of Bellevue, Washington

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total pension liability ¹										
Service cost (Entry Age Normal Cost)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	222	223	175	176	143	141	137	145	143	156
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	58	(1,351)	84	(889)	16	(39)	290	90	539	(616)
Changes of assumptions	-	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(280)	(213)	(259)	(221)	(201)	(228)	(219)	(198)	(356)	(256)
Net change in total pension liability	-	(1,341)	-	(934)	(42)	(125)	208	37	327	(716)
Total pension liability--beginning	6,470	6,470	5,127	5,127	4,192	4,150	4,025	4,233	4,271	4,598
Total pension liability--ending (a)	<u>\$ 6,470</u>	<u>\$ 5,127</u>	<u>\$ 5,127</u>	<u>\$ 4,192</u>	<u>\$ 4,150</u>	<u>\$ 4,025</u>	<u>\$ 4,233</u>	<u>\$ 4,271</u>	<u>\$ 4,598</u>	<u>\$ 3,882</u>
Plan fiduciary net position										
Contributions - employer	\$ 180	\$ 188	\$ 181	\$ 196	\$ 208	\$ 207	\$ 214	\$ 216	\$ 217	\$ 227
Contributions - member	-	-	-	-	-	-	-	-	-	-
Net investment income	47	129	7	-	67	55	69	67	132	199
Benefit payments	(280)	(213)	(259)	(221)	(201)	(228)	(219)	(198)	(356)	(256)
Administrative expense	-	-	-	(13)	(11)	(12)	(3)	(14)	(15)	(22)
Other	-	-	17	-	-	-	(13)	-	-	-
Net change in plan fiduciary net position	(53)	102	(54)	(38)	63	22	48	71	(21)	148
Plan fiduciary net position--beginning	6,723	6,671	6,773	6,719	6,682	6,745	6,767	6,815	6,886	6,865
Plan fiduciary net position--ending (b)	<u>\$ 6,671</u>	<u>\$ 6,773</u>	<u>\$ 6,719</u>	<u>\$ 6,681</u>	<u>\$ 6,745</u>	<u>\$ 6,767</u>	<u>\$ 6,815</u>	<u>\$ 6,886</u>	<u>\$ 6,865</u>	<u>\$ 7,013</u>
City's net pension liability (asset)-ending (a) - (b)	<u>\$ (201)</u>	<u>\$ (1,646)</u>	<u>\$ (1,592)</u>	<u>\$ (2,490)</u>	<u>\$ (2,594)</u>	<u>\$ (2,742)</u>	<u>\$ (2,581)</u>	<u>\$ (2,615)</u>	<u>\$ (2,267)</u>	<u>\$ (3,131)</u>
Plan fiduciary net position as a percentage of the total pension liability	103.11%	132.10%	131.06%	159.39%	162.51%	168.11%	160.98%	161.23%	149.30%	180.62%
Covered payroll	\$ 91	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's net pension liability (asset) as a percentage of covered payroll	-221%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution ¹	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	207	208	196	181	188	180	214	215	217	227
Contribution deficiency (excess)	<u>\$ 207</u>	<u>\$ 208</u>	<u>\$ 196</u>	<u>\$ 181</u>	<u>\$ 188</u>	<u>\$ 180</u>	<u>\$ 214</u>	<u>\$ 215</u>	<u>\$ 217</u>	<u>\$ 227</u>
Covered payroll	\$ 91	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	227.28%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost
Amortization method	Level amortization of net pension liability as level dollar amount over five-year period
Remaining amortization period	1 year
Asset valuation method	Market value
Inflation	2.5%
Salary increases	3.0%, including inflation
Investment rate of return	3.5%
Retirement age	All members who attain, or who have attained, age 65 in active service are assumed to retire immediately.
Mortality	Active and service-retired members: The mortality rates are based on the RP-2000 Mortality Table (combined healthy) for Males, Projected to 2019 using 50% of Projection Scale AA, with ages set back one year. Disabled members: The mortality rates are based on the RP-2000 Mortality Table (combined healthy) for Males, Projected to 2019 using 50% of Projection Scale AA, with ages set forward two years. Spouses: The mortality rates are based on the RP-2000 Mortality Table (combined healthy) for Females, Projected to 2019 using 50% of Projection Scale AA, with ages set forward one year.

¹ Prior to 2014, the "actuarially determined contribution" was calculated using a different method and is left blank in the table above.

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	0.71%	1.93%	0.36%	0.01%	1.01%	0.82%	0.82%	0.98%	1.94%	2.91%

City of Bellevue, Washington

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

As of June 30, 2019

Last Ten Fiscal Years^{1 and 2}

(Dollar amounts in thousands)

	PERS 1				
	2015	2016	2017	2018	2019
City's proportion of the net pension liability (asset)	0.69%	0.68%	0.64%	0.65%	0.64%
City's proportionate share of the net pension liability (asset)	\$ 36,327	\$ 36,620	\$ 30,206	\$ 29,195	\$ 24,714
State proportionate share of the net pension liability (asset) associated with the city	-	-	-	-	-
Total	\$ 36,327	\$ 36,620	\$ 30,206	\$ 29,195	\$ 24,714
City's covered payroll	\$ 1,475	\$ 1,152	\$ 751	\$ 799	\$ 549
City's proportionate share of the net pension liability (asset) as percentage of its covered payroll	2462.8%	3178.8%	4022.1%	3653.9%	4501.6%
Plan fiduciary net position as a percentage of the total pension liability	59.1%	57.0%	61.2%	63.2%	67.1%
	PERS 2/3				
	2015	2016	2017	2018	2019
City's proportion of the net pension liability (asset)	0.85%	0.84%	0.81%	0.81%	0.81%
City's proportionate share of the net pension liability (asset)	\$ 30,425	\$ 42,134	\$ 28,183	\$ 13,880	\$ 7,877
State proportionate share of the net pension liability (asset) associated with the city	-	-	-	-	-
Total	\$ 30,425	\$ 42,134	\$ 28,183	\$ 13,880	\$ 7,877
City's covered payroll	\$ 75,724	\$ 78,251	\$ 79,679	\$ 84,506	\$ 88,407
City's proportionate share of the net pension liability (asset) as percentage of its covered payroll	40.2%	53.8%	35.4%	16.4%	8.9%
Plan fiduciary net position as a percentage of the total pension liability	89%	86%	91%	96%	98%

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

² The amounts presented for each fiscal year were presented as of June 30.

City of Bellevue, Washington

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

As of June 30, 2019

Last Ten Fiscal Years^{1 and 2}

(Dollar amounts in thousands)

	PSERS 2				
	2015	2016	2017	2018	2019
City's proportion of the net pension liability (asset)	0.25%	0.23%	0.21%	0.18%	0.15%
City's proportionate share of the net pension liability (asset)	\$ 45	\$ 99	\$ 42	\$ 2	\$ (19)
State proportionate share of the net pension liability (asset) associated with the city	-	-	-	-	-
Total	\$ 45	\$ 99	\$ 42	\$ 2	\$ (19)
City's covered payroll	\$ 724	\$ 762	\$ 750	\$ 717	\$ 661
City's proportionate share of the net pension liability (asset) as percentage of its covered payroll	6.2%	13.0%	5.6%	0.3%	(2.9%)
Plan fiduciary net position as a percentage of the total pension liability	95.1%	95.1%	96.3%	96.3%	101.9%

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

² The amounts presented for each fiscal year were presented as of June 30.

City of Bellevue, Washington

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

As of June 30, 2019

Last Ten Fiscal Years^{1 and 2}

(Dollar amounts in thousands)

	LEOFF 1				
	2015	2016	2017	2018	2019
City's proportion of the net pension liability (asset)	0.29%	0.30%	0.31%	0.31%	0.31%
City's proportionate share of the net pension liability (asset)	\$ (3,472)	\$ (3,051)	\$ (4,639)	\$ (5,643)	\$ (6,215)
State proportionate share of the net pension liability (asset) associated with the city	(23,483)	(20,638)	(31,381)	(38,171)	(42,034)
Total	\$ (26,955)	\$ (23,689)	\$ (36,020)	\$ (43,814)	\$ (48,249)
City's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -
City's proportionate share of the net pension liability (asset) as percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	127.4%	123.7%	135.9%	144.4%	148.8%

	LEOFF 2				
	2015	2016	2017	2018	2019
City's proportion of the net pension liability (asset)	1.39%	1.37%	1.38%	1.44%	1.41%
City's proportionate share of the net pension liability (asset)	\$ (14,240)	\$ (7,987)	\$ (19,186)	\$ (29,159)	\$ (32,676)
State proportionate share of the net pension liability (asset) associated with the city	(8,191)	(5,207)	(12,445)	(18,880)	(21,399)
Total	\$ (22,431)	\$ (13,194)	\$ (31,631)	\$ (48,039)	\$ (54,075)
City's covered payroll	\$ 40,277	\$ 41,682	\$ 43,213	\$ 47,425	\$ 49,311
City's proportionate share of the net pension liability (asset) as percentage of its covered payroll	(35.4%)	(19.2%)	(44.4%)	(61.5%)	(66.3%)
Plan fiduciary net position as a percentage of the total pension liability	111.7%	106.0%	113.4%	118.5%	119.4%

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

² The amounts presented for each fiscal year were presented as of June 30.

City of Bellevue, Washington

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY'S CONTRIBUTIONS- PERS

As of December 31, 2019

Last Ten Fiscal Years¹

(Dollar amounts in thousands)

	PERS 1				
	2015	2016	2017	2018	2019
Contractually required contributions	\$ 8,031	\$ 8,867	\$ 9,965	\$ 11,089	\$ 11,800
Contributions in relation to the contractually required contribution	(8,025)	(8,867)	(9,930)	(11,035)	(11,799)
Contribution deficiency (excess)	\$ 6	\$ -	\$ 35	\$ 54	\$ 1
City's covered payroll	\$ 78,685	\$ 79,314	\$ 83,075	\$ 86,598	\$ 91,864
Contributions as a percentage of covered payroll	10.2%	11.2%	12.0%	12.7%	12.8%

	PERS 2/3				
	2015	2016	2017	2018	2019
Contractually required contributions	\$ 7,889	\$ 8,749	\$ 9,835	\$ 10,970	\$ 11,733
Contributions in relation to the contractually required contribution	(7,884)	(8,770)	(9,834)	(10,951)	(11,732)
Contribution deficiency (excess)	\$ 5	\$ (21)	\$ 1	\$ 19	\$ 1
City's covered payroll	\$ 77,293	\$ 78,251	\$ 82,274	\$ 85,937	\$ 91,338
Contributions as a percentage of covered payroll	10.2%	11.2%	12.0%	12.7%	12.8%

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

City of Bellevue, Washington

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY'S CONTRIBUTIONS- PSERS

As of December 31, 2019

Last Ten Fiscal Years¹

(Dollar amounts in thousands)

	PSERS 2				
	2015	2016	2017	2018	2019
Contractually required contributions	\$ 83	\$ 89	\$ 84	\$ 85	\$ 84
Contributions in relation to the contractually required contribution	(83)	(89)	(84)	(84)	(84)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ 1	\$ -
City's covered payroll	\$ 753	\$ 774	\$ 715	\$ 697	\$ 690
Contributions as a percentage of covered payroll	11.0%	11.5%	11.7%	12.1%	12.3%

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

City of Bellevue, Washington

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY'S CONTRIBUTIONS- LEOFF

As of December 31, 2019

Last Ten Fiscal Years¹

(Dollar amounts in thousands)

	LEOFF 1				
	2015	2016	2017	2018	2019
Contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	0%	0%	0%	0%	0%
	LEOFF 2				
	2015	2016	2017	2018	2019
Contractually required contributions	\$ 2,182	\$ 2,204	\$ 2,332	\$ 2,646	\$ 2,753
Contributions in relation to the contractually required contribution	(2,182)	(2,204)	(2,332)	(2,658)	(2,786)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (12)	\$ (33)
City's covered payroll	\$ 41,721	\$ 42,143	\$ 43,741	\$ 48,728	\$ 51,159
Contributions as a percentage of covered payroll	5%	5%	5%	5%	5%

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

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

As of December 31, 2019

Last Ten Fiscal Years¹

(Dollar amounts in thousands)

	<u>2018</u>	<u>2019</u>
Total OPEB liability:		
Service Cost	\$ 4	\$ 4
Interest	1,045	1,134
Changes of benefit terms	-	-
Difference between expected and actual experience	-	-
Changes of assumption or other inputs	(1,988)	4,093
Benefit Payments	<u>(1,774)</u>	<u>(1,808)</u>
Net change in total OPEB liability	(2,713)	3,423
Total OPEB liability- beginning	<u>31,260</u>	<u>28,547</u>
Total OPEB liability- ending	<u>\$ 28,547</u>	<u>\$ 31,970</u>
Covered employee payroll	114	76
Total OPEB liability as a percentage of covered payroll	25041%	42066%

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

**SCHEDULE OF MODIFIED APPROACH FOR REPORTING INFRASTRUCTURE ASSETS
For the Fiscal Year Ended December 31, 2019**

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>2017</u>	<u>2018</u>	<u>2019</u>
Arterial:			
Percent above satisfactory	96%	93%	85%
Overall performance rating:	78	75	69
Residential:			
Percent above satisfactory	100%	100%	100%
Overall performance rating:	79	77	80

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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Arterial:					
Needed:	\$4,768	\$5,181	\$4,104	\$2,925	\$5,706
Actual:	5,840	3,255	1,473	3,618	1,973
Residential:					
Needed:	\$1,595	\$1,845	\$2,744	\$2,943	\$4,345
Actual:	2,112	1,543	2,838	2,179	3,182

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

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

For the Fiscal Year Ended December 31, 2019
(in thousands)

	Original Budget	Final Budget	Actuals on Budgetary Basis	Variance with Final Budget
Revenues/operating revenues:				
Taxes and special assessments	\$ 163,633	\$ 163,633	\$ 160,623	\$ 3,010
Licenses and permits	517	517	379	138
Intergovernmental	20,420	21,710	25,845	(4,135)
Service charges and fees	19,188	19,053	17,812	1,241
Fines and forfeitures	1,706	1,706	2,078	(372)
Interest and assessment interest	367	367	727	(360)
Net change in fair value of investments	-	-	195	(195)
Rent	1,096	1,096	1,848	(752)
Judgements and Settlements	-	-	2	(2)
Premiums/contributions	-	-	1	(1)
Other	1,675	1,675	419	1,256
Total revenues	208,602	209,757	209,929	(172)
Expenditures				
Current:				
General government	27,055	26,682	26,554	128
Public safety	104,880	105,727	103,921	1,806
Physical environment	205	205	180	25
Transportation	28,794	28,794	30,303	(1,509)
Economic environment	11,446	11,446	10,854	592
Health and human services	1,024	1,024	646	378
Culture and recreation	28,853	28,514	27,874	640
General government	-	-	75	(75)
Public safety	70	70	105	(35)
Culture and recreation	-	-	14	(14)
Total expenditures	202,327	202,462	200,526	1,936
Excess (deficiency) of revenues over (under) expenditures	6,275	7,295	9,403	(2,108)
Other financing sources(uses)				
Transfers in	1,073	1,073	1,465	(392)
Transfers out	(5,691)	(6,691)	(7,568)	877
Total other financing sources(uses)	(4,618)	(5,618)	(6,103)	485
Net change in fund balance	1,657	1,677	3,300	(1,623)
Fund balance beginning of year	47,296	48,296	45,973	2,323
Fund balance end of year	\$ 48,953	\$ 49,973	\$ 49,273	\$ 700

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

For the Fiscal Year Ended December 31, 2019

(in thousands)

Perspective Difference Reconciliation:

Actual fund balance - General Fund Statement of Revenues, Expenditures, and Changes in Fund Balances	\$	49,273
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The following funds were budgeted as special revenue funds but do not meet the definition under GASB Statement 54; therefore, these are accounted for within the General Fund:

Human Service Fund	736
Land Purchase Revolving Fund	2,395
Development Services Fund	23,369
Parks Fees Fund	<u>1,413</u>

Total Fund Balance - General Fund Balance for Governmental Funds	\$	<u><u>77,186</u></u>
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Notes to the Required Supplementary Information

Pensions

Changes of benefit terms

Amount reflected prior to 2015 reported an increase in disability benefits to be equivalent to retirement benefits. Amounts reported in 2019 reflected a modification to the benefit terms to incorporate a new definition of base compensation.

Changes in assumptions

Amounts reported prior to 2015 reflect an adjustment of the expectation of life after disability to more closely reflected actual experience. For amounts reported in 2015 and later, this expectation of retired life mortality was based on RP-2000 Mortality Tables. Amounts reported in 2019 reflected an adjustment of expected retirement ages to more closely reflect actual experience. Amounts reported in 2019 reflected an adjustment of assumed life expectancies to more closely reflect actual experience.

OPEB

Changes in assumptions

Changes in assumptions and other inputs reflect the effect of changes in the discount rate for each period.

Year	Discount Rate
2018	4.1%
2019	2.7%

Modified Approach

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

STANDARD PERFORMANCE RATING LEVELS

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

Budget and Actual Schedules

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

The General Fund, for financial reporting purposes, includes the Human Services, Development Services, Parks Fees, and Land Purchase Revolving Funds. Budgets for these funds are adopted separately within the city's budget adoption ordinance.

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Nonmajor Governmental Funds

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

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

The **Park Maintenance and Operations (M & O) Reserve Fund** accounts for proceeds of a property tax lid lift approved by the voters in 1988 and 2008 to support park maintenance and operation expenditures. Tax monies received from the lid lift are initially receipted to the General Fund. Any proceeds in excess of current maintenance and operation needs are subsequently transferred to this special revenue fund to be held for future authorization.

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

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

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

The **Housing Fund** accounts for revenue from a variety of sources, including, but not limited to 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.

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

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

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

Combining Balance Sheet
Nonmajor Governmental Funds
 As of December 31, 2019
 (in thousands)

	Special Revenue			
	LEOFF I Medical Reserve	Park M & O Reserve	Solid Waste	Hotel/ Motel Tax
Assets:				
Cash & equity in pooled investments	\$ 504	\$ 6,174	\$ 2,236	\$ 84
Receivables (net of allowances):				
Taxes	-	-	-	1,574
Accounts	22	-	54	-
Interest	2	21	8	-
Due from other governments	-	-	220	-
Housing rehabilitation loans receivable	-	-	-	-
Special assessment receivables	-	-	-	-
Total assets	528	6,195	2,518	1,658
Liabilities:				
Accounts payable	-	-	40	-
Due to component unit	-	-	-	1,417
Accrued payroll	-	-	6	-
Deposits payable	-	-	-	-
Total liabilities	-	-	46	1,417
Deferred Inflows				
For grants	-	-	-	-
For debt	-	-	-	-
Total deferred inflows	-	-	-	-
Total liabilities and deferred inflows	-	-	46	1,417
Fund balance:				
Restricted	528	6,195	-	241
Committed	-	-	2,065	-
Assigned	-	-	407	-
Total fund balance	528	6,195	2,472	241
Total liabilities, deferred inflows, and fund balance	\$ 528	\$ 6,195	\$ 2,518	\$ 1,658

**Combining Balance Sheet
Nonmajor Governmental Funds**
As of December 31, 2019
(in thousands)

	<u>Special Revenue</u>		
	<u>Operating Grants</u>		<u>Total Special Revenue Funds</u>
	<u>Donations & Special Reserves</u>	<u>Housing</u>	
Assets:			
Cash & equity in pooled investments	\$ 2,203	\$ 3,944	\$ 15,145
Receivables (net of allowances):			
Taxes	5	16	1,595
Accounts	535	-	611
Interest	8	14	53
Due from other governments	522	-	742
Housing rehabilitation loans receivable	3,371	-	3,371
Special assessment receivables	-	-	-
Total assets	6,644	3,974	21,517
Liabilities:			
Accounts payable	63	-	103
Due to component unit	-	-	1,417
Accrued payroll	31	31	68
Deposits payable	1	-	1
Total liabilities	95	31	1,589
Deferred Inflows			
For grants	627	-	627
For debt	-	-	-
Total deferred inflows	627	-	627
Total liabilities and deferred inflows	722	31	2,216
Fund balance:			
Restricted	1,426	-	8,390
Committed	-	2,687	4,752
Assigned	4,496	1,256	6,159
Total fund balance	5,922	3,943	19,301
Total liabilities, deferred inflows, and fund balance	\$ 6,644	\$ 3,974	\$ 21,517

**Combining Balance Sheet
Nonmajor Governmental Funds**
As of December 31, 2019
(in thousands)

	<u>Debt Service</u>			<u>Total Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>I & D Redemption- Regular</u>	<u>LID Control</u>	<u>LID Guaranty</u>		
Assets:					
Cash & equity in pooled investments	\$ 381	\$ 129	\$ 640	\$ 1,150	\$ 16,295
Receivables (net of allowances):					
Taxes	42	-	-	42	1,637
Accounts	-	6	-	6	617
Interest	1	1	2	4	57
Due from other governments	-	-	-	-	742
Housing rehabilitation loans receivable	-	-	-	-	3,371
Special assessment receivables	-	5	-	5	5
Total assets	<u>424</u>	<u>141</u>	<u>642</u>	<u>1,207</u>	<u>22,724</u>
Liabilities:					
Accounts payable	-	-	-	-	103
Due to component unit	-	-	-	-	1,417
Accrued payroll	-	-	-	-	68
Deposits payable	-	-	-	-	1
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,589</u>
Deferred Inflows					
For grants	-	-	-	-	627
For debt	-	6	-	6	6
Total deferred inflows	<u>-</u>	<u>6</u>	<u>-</u>	<u>6</u>	<u>633</u>
Total liabilities and deferred inflows	<u>-</u>	<u>6</u>	<u>-</u>	<u>6</u>	<u>2,222</u>
Fund balance:				-	
Restricted	-	-	642	642	9,032
Committed	-	-	-	-	4,752
Assigned	424	135	-	559	6,718
Total fund balance	<u>424</u>	<u>135</u>	<u>642</u>	<u>1,201</u>	<u>20,502</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 424</u>	<u>\$ 141</u>	<u>\$ 642</u>	<u>\$ 1,207</u>	<u>\$ 22,724</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
 For the Year Ended December 31, 2019
 (in thousands)

	<u>Special Revenue</u>			
	<u>LEOFF I Medical Reserve</u>	<u>Park M & O Reserve</u>	<u>Solid Waste</u>	<u>Hotel/ Motel Tax</u>
Revenues:				
Taxes and special assessments	\$ -	\$ -	\$ -	\$ 12,531
Intergovernmental	52	-	270	-
Service charges and fees	-	-	641	-
Interest and penalties	15	149	50	16
Net change in fair value of investments	3	32	12	-
Judgments and settlements	-	-	-	-
Premiums/contributions	-	-	-	-
Other	-	-	470	-
Total revenues	<u>70</u>	<u>181</u>	<u>1,443</u>	<u>12,547</u>
Expenditures:				
Current:				
General government	-	-	-	10,555
Public safety	310	-	-	-
Physical environment	-	-	1,131	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Health and human services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay:				
Public safety	-	-	-	-
Total expenditures	<u>310</u>	<u>-</u>	<u>1,131</u>	<u>10,555</u>
Excess (deficiency) of revenues over (under) expenditures	(240)	181	312	1,992
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	(590)	-	(2,011)
Total other financing sources (uses)	<u>-</u>	<u>(590)</u>	<u>-</u>	<u>(2,011)</u>
Net change in fund balance	(240)	(409)	312	(19)
Fund balance at beginning of year	768	6,604	2,160	260
Prior period adjustment	-	-	-	-
Fund balance at end of year	<u>\$ 528</u>	<u>\$ 6,195</u>	<u>\$ 2,472</u>	<u>\$ 241</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
 For the Year Ended December 31, 2019
 (in thousands)

	<u>Special Revenue</u>		
	<u>Operating Grants</u>		<u>Total Special</u>
	<u>Donations &</u>		<u>Revenue</u>
	<u>Special Reserves</u>	<u>Housing</u>	<u>Funds</u>
Revenues:			
Taxes and special assessments	\$ -	\$ 100	\$ 12,631
Intergovernmental	2,511	538	3,371
Service charges and fees	82	-	723
Interest and penalties	118	153	501
Net change in fair value of investments	12	21	80
Judgments and settlements	4	-	4
Premiums/contributions	810	1,021	1,831
Other	219	-	689
Total revenues	<u>3,756</u>	<u>1,833</u>	<u>19,830</u>
Expenditures:			
Current:			
General government	-	-	10,555
Public safety	1,294	-	1,604
Physical environment	151	-	1,282
Transportation	342	-	342
Economic environment	1,097	4,896	5,993
Health and human services	32	-	32
Culture and recreation	393	-	393
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay:			
Public safety	24	-	24
Total expenditures	<u>3,333</u>	<u>4,896</u>	<u>20,225</u>
Excess (deficiency) of revenues over (under) expenditures	423	(3,063)	(395)
Other financing sources (uses):			
Transfers in	3	352	355
Transfers out	(3,003)	-	(5,604)
Total other financing sources (uses)	<u>(3,000)</u>	<u>352</u>	<u>(5,249)</u>
Net change in fund balance	(2,577)	(2,711)	(5,644)
Fund balance at beginning of year	8,499	8,397	26,688
Prior period adjustment	-	(1,743)	(1,743)
Fund balance at end of year	<u>\$ 5,922</u>	<u>\$ 3,943</u>	<u>\$ 19,301</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
 For the Year Ended December 31, 2019
 (in thousands)

	<u>Debt Service</u>			<u>Total Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>I & D</u>	<u>LID Control</u>	<u>LID Guaranty</u>		
	<u>Redemption- Regular</u>				
Revenues:					
Taxes and special assessments	\$ 500	\$ 10	\$ -	\$ 510	\$ 13,141
Intergovernmental	-	-	-	-	3,371
Service charges and fees	-	-	-	-	723
Interest and penalties	9	5	15	29	530
Net change in fair value of investments	2	-	3	5	85
Judgments and settlements	-	-	-	-	4
Premiums/contributions	-	-	-	-	1,831
Other	-	-	-	-	689
Total revenues	511	15	18	544	20,374
Expenditures:					
Current:					
General government	-	-	-	-	10,555
Public safety	-	-	-	-	1,604
Physical environment	-	-	-	-	1,282
Transportation	-	-	-	-	342
Economic environment	-	-	-	-	5,993
Health and human services	-	-	-	-	32
Culture and recreation	-	-	-	-	393
Debt service:					
Principal	10,293	-	-	10,293	10,293
Interest and fiscal charges	11,655	-	-	11,655	11,655
Capital outlay:					
Public safety	-	-	-	-	24
Total expenditures	21,948	-	-	21,948	42,173
Excess (deficiency) of revenues over (under) expenditures	(21,437)	15	18	(21,404)	(21,799)
Other financing sources (uses):					
Transfers in	21,453	-	-	21,453	21,808
Transfers out	-	-	-	-	(5,604)
Total other financing sources (uses)	21,453	-	-	21,453	16,204
Net change in fund balance	16	15	18	49	(5,595)
Fund balance at beginning of year	408	120	624	1,152	27,840
Prior period adjustment	-	-	-	-	(1,743)
Fund balance at end of year	\$ 424	\$ 135	\$ 642	\$ 1,201	\$ 20,502

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

For the Fiscal Year Ended December 31, 2019
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Taxes and special assessments	\$ 3,498	\$ 3,498	\$ 3,498	\$ -
Intergovernmental	2,281	2,281	2,579	(298)
Interest and assessment interest	-	-	29	(29)
Net change in fair value of investments	-	-	10	(10)
Premiums/contributions	10	10	16	(6)
Total revenues	<u>5,789</u>	<u>5,789</u>	<u>6,132</u>	<u>(343)</u>
Expenditures:				
Health and human services	<u>5,790</u>	<u>5,947</u>	<u>6,220</u>	<u>(273)</u>
Total expenditures	<u>5,790</u>	<u>5,947</u>	<u>6,220</u>	<u>(273)</u>
Excess (deficiency) of revenues over (under) expenditures	(1)	(158)	(88)	(70)
Other financing sources (uses):				
Transfers in	-	157	586	(429)
Transfers out	-	-	(711)	711
Total other financing sources(uses)	<u>-</u>	<u>157</u>	<u>(125)</u>	<u>282</u>
Net change in fund balance	(1)	(1)	(213)	212
Fund balance beginning of year	208	208	949	(741)
Fund balance end of year	<u>\$ 207</u>	<u>\$ 207</u>	<u>\$ 736</u>	<u>\$ (529)</u>

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

For the Fiscal Year Ended December 31, 2019
(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	-	-	64	(64)
Net change in fair value of investments	-	-	12	(12)
Rent	<u>1,110</u>	<u>1,110</u>	<u>1,036</u>	<u>74</u>
Total revenues	<u>1,110</u>	<u>1,110</u>	<u>1,114</u>	<u>(4)</u>
Expenditures:				
General government	386	386	402	(16)
Transportation	4	4	9	(5)
Culture and recreation	<u>643</u>	<u>643</u>	<u>645</u>	<u>(2)</u>
Total expenditures	<u>1,033</u>	<u>1,033</u>	<u>1,056</u>	<u>(23)</u>
Excess (deficiency) of revenues over (under) expenditures	77	77	58	19
Other financing sources (uses):				
Transfers out	(2,600)	(2,600)	(2,600)	-
Sale of capital assets	-	-	39	(39)
Total other financing sources(uses)	<u>(2,600)</u>	<u>(2,600)</u>	<u>(2,561)</u>	<u>(39)</u>
Net change in fund balance	(2,523)	(2,523)	(2,503)	(20)
Fund balance beginning of year	<u>4,477</u>	<u>4,477</u>	<u>4,898</u>	<u>(421)</u>
Fund balance end of year	<u>\$ 1,954</u>	<u>\$ 1,954</u>	<u>\$ 2,395</u>	<u>\$ (441)</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Development Services Fund
 For the Fiscal Year Ended December 31, 2019
 (in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Licenses and permits	\$ 10,110	\$ 10,110	\$ 14,158	\$ (4,048)
Service charges and fees	11,968	11,968	14,681	(2,713)
Fines and forfeitures	-	-	77	(77)
Interest and assessment interest	185	185	805	(620)
Net change in fair value of investments	-	-	199	(199)
Total revenues	<u>22,263</u>	<u>22,263</u>	<u>29,920</u>	<u>(7,657)</u>
Expenditures:				
General government	1	1	-	1
Economic environment	28,501	28,501	27,037	1,464
Total expenditures	<u>28,502</u>	<u>28,502</u>	<u>27,037</u>	<u>1,465</u>
Excess (deficiency) of revenues over (under) expenditures	(6,239)	(6,239)	2,883	(9,122)
Other financing sources (uses):				
Transfers in	4,857	4,857	4,623	234
Transfers out	<u>(192)</u>	<u>(192)</u>	<u>(192)</u>	-
Total other financing sources(uses)	<u>4,665</u>	<u>4,665</u>	<u>4,431</u>	<u>234</u>
Net change in fund balance	(1,574)	(1,574)	7,314	(8,888)
Fund balance beginning of year	23,700	23,700	16,055	7,645
Fund balance end of year	<u>\$ 22,126</u>	<u>\$ 22,126</u>	<u>\$ 23,369</u>	<u>\$ (1,243)</u>

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

For the Fiscal Year Ended December 31, 2019
(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	\$ 4,128	\$ 4,128	\$ 4,330	\$ (202)
Interest and assessment interest	47	47	26	21
Net change in fair value of investments	-	-	4	(4)
Rent	2,199	2,199	2,834	(635)
Other	13	13	(1)	14
Total revenues	<u>6,387</u>	<u>6,387</u>	<u>7,193</u>	<u>(806)</u>
Expenditures:				
Culture and recreation	<u>6,247</u>	<u>6,247</u>	<u>6,806</u>	<u>(559)</u>
Total expenditures	<u>6,247</u>	<u>6,247</u>	<u>6,806</u>	<u>(559)</u>
Excess (deficiency) of revenues over (under) expenditures	140	140	387	(247)
Other financing sources (uses):				
Transfers in	35	35	35	-
Transfers out	<u>(100)</u>	<u>(100)</u>	<u>(101)</u>	<u>1</u>
Total other financing sources(uses)	<u>(65)</u>	<u>(65)</u>	<u>(66)</u>	<u>1</u>
Net change in fund balance	75	75	321	(246)
Fund balance beginning of year	1,113	1,113	1,092	21
Fund balance end of year	<u>\$ 1,188</u>	<u>\$ 1,188</u>	<u>\$ 1,413</u>	<u>\$ (225)</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
LEOFF I Medical Reserve Fund
 For the Fiscal Year Ended December 31, 2019
 (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	\$ -	\$ -	\$ 52	\$ (52)
Interest and assessment interest	-	-	15	(15)
Net change in fair value of investments	-	-	3	(3)
Total revenues	<u>-</u>	<u>-</u>	<u>70</u>	<u>(70)</u>
Expenditures:				
Public safety	73	73	310	(237)
Total expenditures	<u>73</u>	<u>73</u>	<u>310</u>	<u>(237)</u>
Excess (deficiency) of revenues over (under) expenditures	(73)	(73)	(240)	167
Fund balance beginning of year	470	470	768	(298)
Fund balance end of year	<u>\$ 397</u>	<u>\$ 397</u>	<u>\$ 528</u>	<u>\$ (131)</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Park Maintenance and Operations Reserve Fund
 For the Fiscal Year Ended December 31, 2019
 (in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Interest and assessment interest	\$ 35	\$ 35	\$ 149	\$ (114)
Net change in fair value of investments	-	-	32	(32)
Total revenues	<u>35</u>	<u>35</u>	<u>181</u>	<u>(146)</u>
Excess (deficiency) of revenues over (under) expenditures	35	35	181	(146)
Other financing sources (uses):				
Transfers out	<u>(591)</u>	<u>(591)</u>	<u>(590)</u>	<u>(1)</u>
Total other financing sources(uses)	<u>(591)</u>	<u>(591)</u>	<u>(590)</u>	<u>(1)</u>
Net change in fund balance	(556)	(556)	(409)	(147)
Fund balance beginning of year	6,563	6,563	6,604	(41)
Fund balance end of year	<u>\$ 6,007</u>	<u>\$ 6,007</u>	<u>\$ 6,195</u>	<u>\$ (188)</u>

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

For the Fiscal Year Ended December 31, 2019
(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	\$ 282	\$ 282	\$ 270	\$ 12
Service charges and fees	758	758	641	117
Interest and assessment interest	16	16	50	(34)
Net change in fair value of investments	-	-	12	(12)
Other	16	16	470	(454)
Total revenues	<u>1,072</u>	<u>1,072</u>	<u>1,443</u>	<u>(371)</u>
Expenditures:				
Physical environment	<u>1,218</u>	<u>1,218</u>	<u>1,131</u>	<u>87</u>
Total expenditures	<u>1,218</u>	<u>1,218</u>	<u>1,131</u>	<u>87</u>
Excess (deficiency) of revenues over (under) expenditures	(146)	(146)	312	(458)
Fund balance beginning of year	<u>1,750</u>	<u>1,750</u>	<u>2,160</u>	<u>(410)</u>
Fund balance end of year	<u>\$ 1,750</u>	<u>\$ 1,750</u>	<u>\$ 2,472</u>	<u>\$ (410)</u>

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

For the Fiscal Year Ended December 31, 2019
(in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues/operating revenues:				
Taxes and special assessments	\$ 13,417	\$ 13,417	\$ 12,531	\$ 886
Interest and assessment interest	-	-	16	(16)
Total revenues	<u>13,417</u>	<u>13,417</u>	<u>12,547</u>	<u>870</u>
Expenditures:				
General government	<u>11,406</u>	<u>11,406</u>	<u>10,555</u>	<u>851</u>
Total expenditures	<u>11,406</u>	<u>11,406</u>	<u>10,555</u>	<u>851</u>
Excess (deficiency) of revenues over (under) expenditures	2,011	2,011	1,992	19
Other financing sources (uses):				
Transfers out	<u>(2,011)</u>	<u>(2,011)</u>	<u>(2,011)</u>	<u>-</u>
Total other financing sources(uses)	<u>(2,011)</u>	<u>(2,011)</u>	<u>(2,011)</u>	<u>-</u>
Net change in fund balance	-	-	(19)	19
Fund balance beginning of year	-	-	260	(260)
Fund balance end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 241</u></u>	<u><u>\$ (241)</u></u>

Internal Service Funds

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

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

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

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

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

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

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

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

Combining Statement of Fund Net Position
Internal Service Funds
 As of December 31, 2019
 (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	\$ 7,299	\$ 2,788	\$ 383	\$ 3,701
Receivables (net of allowances):				
Accounts	9	-	-	-
Interest	26	10	1	13
Other	3	-	-	-
Due from other funds	96	-	-	-
Due from other governments	1	-	-	73
Inventory	638	-	-	-
Total current assets	<u>8,072</u>	<u>2,798</u>	<u>384</u>	<u>3,787</u>
Noncurrent assets:				
Capital assets:				
Capital assets (net)	21,263	-	-	54
Total noncurrent assets	<u>21,263</u>	<u>-</u>	<u>-</u>	<u>54</u>
Total assets	<u>29,335</u>	<u>2,798</u>	<u>384</u>	<u>3,841</u>
Deferred Outflows				
For pensions	143	-	-	38
For asset retirement obligation	1,400	-	-	-
Total deferred outflows	<u>1,543</u>	<u>-</u>	<u>-</u>	<u>38</u>
Total assets and deferred outflows	<u>30,878</u>	<u>2,798</u>	<u>384</u>	<u>3,879</u>

Combining Statement of Fund Net Position
Internal Service Funds
 As of December 31, 2019
 (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	\$ 9,707	\$ 8,324	\$ 2,665	\$ 34,867
Receivables (net of allowances):				
Accounts	-	13	3	25
Interest	34	29	9	122
Other	267	-	-	270
Due from other funds	-	-	-	96
Due from other governments	-	35	-	109
Inventory	-	-	-	638
Total current assets	10,008	8,401	2,677	36,127
Noncurrent assets:				
Capital assets:				
Capital assets (net)	-	759	1,100	23,176
Total noncurrent assets	-	759	1,100	23,176
Total assets	10,008	9,160	3,777	59,303
Deferred Outflows				
For pensions	11	876	141	1,209
For asset retirement obligation	-	-	-	1,400
Total deferred outflows	11	876	141	2,609
Total assets and deferred outflows	10,019	10,036	3,918	61,912

Combining Statement of Fund Net Position
Internal Service Funds
 As of December 31, 2019
 (in thousands)

	<u>Equipment Rental</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self-Insurance</u>
Liabilities:				
Current liabilities:				
Accounts payable	\$ 263	\$ 8	\$ -	\$ 30
Estimated claims	-	1,492	19	1,005
Due to other governments	-	-	-	-
Accrued payroll	109	-	-	38
Accrued compensated absences	61	-	-	24
Accrued taxes	-	-	-	-
Liabilities payable from restricted assets:				
Customer deposits	-	-	-	-
Retainage payable	-	-	-	-
Total current liabilities	<u>433</u>	<u>1,500</u>	<u>19</u>	<u>1,097</u>
Noncurrent liabilities:				
Accrued compensated absences	143	-	-	57
Estimated claims	-	1,217	-	982
Asset retirement obligation	7,937	-	-	-
Pension liability	186	-	-	50
Total noncurrent liabilities	<u>8,266</u>	<u>1,217</u>	<u>-</u>	<u>1,089</u>
Total liabilities	<u>8,699</u>	<u>2,717</u>	<u>19</u>	<u>2,186</u>
Deferred Inflows				
For pensions	414	-	-	110
Total deferred inflows	<u>414</u>	<u>-</u>	<u>-</u>	<u>110</u>
Total liabilities and deferred inflows	<u>9,113</u>	<u>2,717</u>	<u>19</u>	<u>2,296</u>
Net position:				
Net investment in capital assets	21,263	-	-	54
Restricted for:				
Customer deposits	-	-	-	-
Capital projects	-	-	-	-
Unrestricted	502	81	365	1,529
Total net position	<u>\$ 21,765</u>	<u>\$ 81</u>	<u>\$ 365</u>	<u>\$ 1,583</u>

Combining Statement of Fund Net Position
Internal Service Funds
 As of December 31, 2019
 (in thousands)

	<u>Health Benefits</u>	<u>Information Technology</u>	<u>Facilities Services</u>	<u>Total</u>
Liabilities:				
Current liabilities:				
Accounts payable	\$ 247	\$ 96	\$ 247	\$ 891
Estimated claims	1,418	-	-	3,934
Due to other governments	-	-	1	1
Accrued payroll	10	349	117	623
Accrued compensated absences	9	210	47	351
Accrued taxes	-	-	3	3
Liabilities payable from restricted assets:				
Customer deposits	-	-	3	3
Retainage payable	-	5	-	5
Total current liabilities	<u>1,684</u>	<u>660</u>	<u>418</u>	<u>5,811</u>
Noncurrent liabilities:				
Accrued compensated absences	22	489	109	820
Estimated claims	-	-	-	2,199
Asset retirement obligation	-	-	-	7,937
Pension liability	15	5,491	182	5,924
Total noncurrent liabilities	<u>37</u>	<u>5,980</u>	<u>291</u>	<u>16,880</u>
Total liabilities	<u>1,721</u>	<u>6,640</u>	<u>709</u>	<u>22,691</u>
Deferred Inflows				
For pensions	<u>33</u>	<u>1,548</u>	<u>379</u>	<u>2,484</u>
Total deferred inflows	<u>33</u>	<u>1,548</u>	<u>379</u>	<u>2,484</u>
Total liabilities and deferred inflows	<u>1,754</u>	<u>8,188</u>	<u>1,088</u>	<u>25,175</u>
Net position:				
Net investment in capital assets	-	754	1,100	23,171
Restricted for:				
Customer deposits	-	-	3	3
Capital projects	-	5	-	5
Unrestricted	<u>8,265</u>	<u>1,089</u>	<u>1,727</u>	<u>13,558</u>
Total net position	<u>\$ 8,265</u>	<u>\$ 1,848</u>	<u>\$ 2,830</u>	<u>\$ 36,737</u>

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

For the Year Ended December 31, 2019
(in thousands)

	<u>Equipment Rental</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self-Insurance</u>
Operating revenues:				
Intergovernmental	\$ 61	\$ -	\$ -	\$ -
Service charges and fees	12,361	-	-	-
Rent	-	-	-	-
Insurance recovery	-	-	-	375
Premiums/contributions	-	1,751	189	3,447
Other	5	238	-	-
Total operating revenues	<u>12,427</u>	<u>1,989</u>	<u>189</u>	<u>3,822</u>
Operating expenses:				
Administrative and general	540	95	-	1,565
Maintenance and operations	7,281	30	-	-
Depreciation	4,258	-	-	2
Insurance costs	-	224	-	892
Benefits and claims payments	-	1,483	82	552
Total operating expenses	<u>12,079</u>	<u>1,832</u>	<u>82</u>	<u>3,011</u>
Operating income (loss)	348	157	107	811
Nonoperating revenues (expenses):				
Interest income	171	63	7	79
Net change in fair value of investments	39	15	2	20
Gain on disposal of capital assets	279	-	-	-
Other nonoperating revenues	7	-	-	-
Total nonoperating revenue (expenses)	<u>496</u>	<u>78</u>	<u>9</u>	<u>99</u>
Income before contributions and transfers	844	235	116	910
Special items, contributions and transfers:				
Transfers in	1,652	-	-	194
Transfers out	(156)	(194)	(6)	(102)
Capital contributed from external sources	35	-	-	-
Total special items, contributions and transfers	<u>1,531</u>	<u>(194)</u>	<u>(6)</u>	<u>92</u>
Change in net position	2,375	41	110	1,002
Net position beginning of year	25,694	40	255	581
Change in accounting principal	(6,304)	-	-	-
Net position end of year	<u>\$ 21,765</u>	<u>\$ 81</u>	<u>\$ 365</u>	<u>\$ 1,583</u>

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

For the Year Ended December 31, 2019
(in thousands)

	<u>Health Benefits</u>	<u>Information Technology</u>	<u>Facilities Services</u>	<u>Total</u>
Operating revenues:				
Intergovernmental	\$ -	\$ -	\$ 26	\$ 87
Service charges and fees	2,777	14,683	6,281	36,102
Rent	-	-	909	909
Insurance recovery	-	-	-	375
Premiums/contributions	21,988	-	-	27,375
Other	-	1	-	244
Total operating revenues	<u>24,765</u>	<u>14,684</u>	<u>7,216</u>	<u>65,092</u>
Operating expenses:				
Administrative and general	4,786	2,812	236	10,034
Maintenance and operations	-	11,463	6,880	25,654
Depreciation	-	641	117	5,018
Insurance costs	6,292	-	-	7,408
Benefits and claims payments	14,997	-	-	17,114
Total operating expenses	<u>26,075</u>	<u>14,916</u>	<u>7,233</u>	<u>65,228</u>
Operating income (loss)	(1,310)	(232)	(17)	(136)
Nonoperating revenues (expenses):				
Interest income	227	184	29	760
Net change in fair value of investments	51	43	11	181
Gain on disposal of capital assets	-	-	-	279
Other nonoperating revenues	698	-	56	761
Total nonoperating revenue (expenses)	<u>976</u>	<u>227</u>	<u>96</u>	<u>1,981</u>
Income before contributions and transfers	(334)	(5)	79	1,845
Special items, contributions and transfers:				
Transfers in	-	-	34	1,880
Transfers out	(10)	(24)	(7)	(499)
Capital contributed from external sources	-	-	-	35
Total special items, contributions and transfers	<u>(10)</u>	<u>(24)</u>	<u>27</u>	<u>1,416</u>
Change in net position	(344)	(29)	106	3,261
Net position beginning of year	8,609	1,877	2,724	39,780
Change in accounting principal	-	-	-	(6,304)
Net position end of year	<u>\$ 8,265</u>	<u>\$ 1,848</u>	<u>\$ 2,830</u>	<u>\$ 36,737</u>

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2019
(in thousands)

	<u>Equipment Rental</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self-Insurance</u>
Cash flows from operating activities:				
Cash received from customers and users	\$ 12,416	\$ -	\$ -	\$ -
Contributions received - employer/employee	-	1,751	189	3,447
Cash received from insurance proceeds	-	-	-	375
Cash payments to suppliers for goods & services	(4,328)	(117)	-	(746)
Cash payments to employees for services	(3,308)	-	-	(831)
Cash payments to claimants	-	(1,518)	(100)	(1,135)
Cash received from other governments	-	-	-	(25)
Cash received from contracts/rent	-	-	-	-
Cash payments for insurance	-	(224)	-	(892)
Other receipts	-	238	-	-
Net cash provided (used) by operating activities	<u>4,780</u>	<u>130</u>	<u>89</u>	<u>193</u>
Cash flows from noncapital financing activities:				
Transfers in	1,652	-	-	194
Transfers out	(156)	(194)	(6)	(102)
Cash received from non-operating revenues	7	-	-	-
Net cash provided (used) by noncapital financing activities:	<u>1,503</u>	<u>(194)</u>	<u>(6)</u>	<u>92</u>
Cash flows from capital & related financing activities:				
Acquisition and construction of capital assets	(5,107)	-	-	(56)
Net cash provided (used) by capital financing activities	<u>(5,107)</u>	<u>-</u>	<u>-</u>	<u>(56)</u>
Cash flows from investing activities:				
Interest on investments	209	80	9	99
Net cash provided (used) by investing activities	<u>209</u>	<u>80</u>	<u>9</u>	<u>99</u>
Net increase (decrease) in cash balance	1,385	16	92	328
Cash and equity in pooled investments balance beginning of year				
	<u>5,914</u>	<u>2,772</u>	<u>291</u>	<u>3,373</u>
Cash and equity in pooled investments balance end of year	<u>\$ 7,299</u>	<u>\$ 2,788</u>	<u>\$ 383</u>	<u>\$ 3,701</u>

Combining Statement of Cash Flows
Internal Service Funds
 For the Year Ended December 31, 2019
 (in thousands)

	Health Benefits	Information Technology	Facilities Services	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ 2,510	\$ 14,670	\$ 6,303	\$ 35,899
Contributions received - employer/employees	21,987	-	-	27,374
Cash received from insurance proceeds	-	-	-	375
Cash payments to suppliers for goods & services	19,794	(5,112)	(4,400)	5,091
Cash payments to employees for services	(24,702)	(8,810)	(2,950)	(40,601)
Cash payments to claimants	(15,050)	-	-	(17,803)
Cash received from other governments	-	(35)	-	(60)
Cash received from contracts/rent	-	-	909	909
Cash payments for insurance	(6,292)	-	-	(7,408)
Other receipts	698	-	-	936
Net cash provided (used) by operating activities	<u>(1,055)</u>	<u>713</u>	<u>(138)</u>	<u>4,712</u>
Cash flows from noncapital financing activities:				
Transfers in	-	-	34	1,880
Transfers out	(10)	(24)	(7)	(499)
Cash received from non-operating revenues	-	-	56	63
Net cash provided (used) by noncapital financing activities:	<u>(10)</u>	<u>(24)</u>	<u>83</u>	<u>1,444</u>
Cash flows from capital & related financing activities:				
Acquisition and construction of capital assets	-	(28)	-	(5,191)
Net cash provided (used) by capital financing activities	<u>-</u>	<u>(28)</u>	<u>-</u>	<u>(5,191)</u>
Cash flows from investing activities:				
Interest on investments	289	230	42	958
Net cash provided (used) by investing activities	<u>289</u>	<u>230</u>	<u>42</u>	<u>958</u>
Net increase (decrease) in cash balance	(776)	891	(13)	1,923
Cash and equity in pooled investments balance				
beginning of year	10,483	7,433	2,678	32,944
Cash and equity in pooled investments balance	<u>\$ 9,707</u>	<u>\$ 8,324</u>	<u>\$ 2,665</u>	<u>\$ 34,867</u>
end of year				

Combining Statement of Cash Flows
Internal Service Funds
 For the Year Ended December 31, 2019
 (in thousands)

	<u>Equipment Rental</u>	<u>Workers' Compensation</u>	<u>Unemployment Compensation</u>	<u>General Self-Insurance</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 348	\$ 157	\$ 107	\$ 811
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	4,258	-	-	2
Other receipts	-	-	-	-
(Increase) decrease in accounts receivable	(8)	-	-	-
(Increase) decrease in due from other governments	-	-	-	(25)
(Increase) decrease in inventory	(27)	-	-	-
(Increase) decrease in asset retirement obligation	1,633	-	-	-
(Increase) decrease in deferred outflow	(1,420)	-	-	(5)
Increase (decrease) in accounts payable	96	8	-	12
Increase (decrease) in wages & benefits payable	5	-	-	7
Increase (decrease) in compensated absences	17	-	-	8
Increase (decrease) in due to other governments	(1)	-	-	-
Increase (decrease) in estimated claims payable	-	(35)	(18)	(583)
Increase (decrease) in pension liability	(146)	-	-	(40)
Increase (decrease) in deferred inflows	25	-	-	6
Total adjustments	<u>4,432</u>	<u>(27)</u>	<u>(18)</u>	<u>(618)</u>
Net cash provided (used) by operating activities	<u>\$ 4,780</u>	<u>\$ 130</u>	<u>\$ 89</u>	<u>\$ 193</u>
Non-cash investing, capital and financing activities:				
Increase (decrease) in fair value of investments	\$ 39	\$ 15	\$ 2	\$ 20

Combining Statement of Cash Flows
Internal Service Funds
 For the Year Ended December 31, 2019
 (in thousands)

	<u>Health Benefits</u>	<u>Information Technology</u>	<u>Facilities Services</u>	<u>Total</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (1,310)	\$ (232)	\$ (17)	\$ (136)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	-	641	117	5,018
Other receipts	697	-	-	697
(Increase) decrease in accounts receivable	(268)	(14)	(3)	(293)
(Increase) decrease in due from other governments	-	(35)	-	(60)
(Increase) decrease in inventory	-	-	-	(27)
(Increase) decrease in asset retirement obligation	-	-	-	1,633
(Increase) decrease in deferred outflow	(2)	(171)	(25)	(1,623)
Increase (decrease) in accounts payable	(118)	(76)	(178)	(256)
Increase (decrease) in wages & benefits payable	-	17	6	35
Increase (decrease) in compensated absences	8	155	48	236
Increase (decrease) in due to other governments	-	(3)	(3)	(7)
Increase (decrease) in estimated claims payable	(53)	-	-	(689)
Increase (decrease) in pension liability	(11)	217	(127)	(107)
Increase (decrease) in deferred inflows	2	214	44	291
Total adjustments	<u>255</u>	<u>945</u>	<u>(121)</u>	<u>4,848</u>
Net cash provided (used) by operating activities	<u>\$ (1,055)</u>	<u>\$ 713</u>	<u>\$ (138)</u>	<u>\$ 4,712</u>
Non-cash investing, capital and financing activities:				
Increase (decrease) in fair value of investments	\$ 51	\$ 43	\$ 11	\$ 181

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 (ENTF) 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 **A Regional Coalition for Housing (ARCH) Fund** accounts for contributions from members of an interlocal agreement to provide affordable housing for low- and moderate-income households on the Eastside.

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

As of December 31, 2019
(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	\$ 1,059	\$ 216	\$ 76	\$ 245
Receivables (net of allowances):				
Interest	4	1	-	1
Due from other governments	232	-	201	309
Capital assets (net)	-	-	8	107
Total assets	<u>1,295</u>	<u>217</u>	<u>285</u>	<u>662</u>
Liabilities:				
Accounts payable	4	9	-	4
Due to other governments	1,291	208	219	658
Deposits payable	-	-	66	-
Total liabilities	<u>1,295</u>	<u>217</u>	<u>285</u>	<u>662</u>
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Combining Statement of Fiduciary Net Position
Agency Funds
 As of December 31, 2019
 (in thousands)

	<u>ARCH Housing Coalition</u>	<u>Total</u>
Assets:		
Cash & equity in pooled investments	\$ 10,978	\$ 12,574
Receivables (net of allowances):		
Interest	38	44
Due from other governments	494	1,236
Capital assets (net)	-	115
Total assets	<u>11,510</u>	<u>13,969</u>
Liabilities:		
Accounts payable	3	20
Due to other governments	11,507	13,883
Deposits payable	-	66
Total liabilities	<u>11,510</u>	<u>13,969</u>
Total net position	<u>\$ -</u>	<u>\$ -</u>

Combining Statement of Changes in Assets and Liabilities
Agency Funds
 For the Year Ended December 31, 2019
 (in thousands)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
eCityGov Alliance				
Assets:				
Cash & equity in pooled investments	\$ 997	\$ 1,510	\$ 1,448	\$ 1,059
Interest receivable	4	5	5	4
Due from other governments	275	1,027	1,070	232
Total assets	<u>\$ 1,276</u>	<u>\$ 2,542</u>	<u>\$ 2,523</u>	<u>\$ 1,295</u>
Liabilities:				
Accounts payable	\$ 24	\$ 4	\$ 24	\$ 4
Due to other governments	1,252	117	78	1,291
Total liabilities	<u>\$ 1,276</u>	<u>\$ 121</u>	<u>\$ 102</u>	<u>\$ 1,295</u>
 Community Connectivity Consortium				
Assets:				
Cash & equity in pooled investments	\$ 141	\$ 147	\$ 72	\$ 216
Interest Receivable	1	1	1	1
Due from other governments	-	238	238	-
Total assets	<u>\$ 142</u>	<u>\$ 386</u>	<u>\$ 311</u>	<u>\$ 217</u>
Liabilities:				
Accounts payable	\$ 3	\$ 9	\$ 3	\$ 9
Due to other governments	139	207	138	208
Total liabilities	<u>\$ 142</u>	<u>\$ 216</u>	<u>\$ 141</u>	<u>\$ 217</u>
 Eastside NARC Task Force				
Assets:				
Cash & equity in pooled investments	\$ 178	\$ 2	\$ 104	\$ 76
Interest receivable	1	-	1	-
Due from other governments	96	313	208	201
Capital assets (net)	10	-	2	8
Total assets	<u>\$ 285</u>	<u>\$ 315</u>	<u>\$ 315</u>	<u>\$ 285</u>
Liabilities:				
Due to other governments	\$ 219	\$ -	\$ -	\$ 219
Deposits payable	66	-	-	66
Total liabilities	<u>\$ 285</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 285</u>

Combining Statement of Changes in Assets and Liabilities
Agency Funds
 For the Year Ended December 31, 2019
 (in thousands)

	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Hazardous Materials				
Assets:				
Cash & equity in pooled investments	\$ 192	\$ 131	\$ 78	\$ 245
Interest receivable	1	1	1	1
Due from other governments	308	82	81	309
Capital assets (net)	<u>115</u>	<u>-</u>	<u>8</u>	<u>107</u>
Total assets	<u>\$ 616</u>	<u>\$ 214</u>	<u>\$ 168</u>	<u>\$ 662</u>
Liabilities:				
Accounts payable	\$ 3	\$ 4	\$ 3	\$ 4
Due to other governments	<u>613</u>	<u>134</u>	<u>89</u>	<u>658</u>
Total liabilities	<u>\$ 616</u>	<u>\$ 138</u>	<u>\$ 92</u>	<u>\$ 662</u>
 ARCH Housing Coalition				
Assets:				
Cash & equity in pooled investments	\$ 8,294	\$ 15,720	\$ 13,036	\$ 10,978
Interest receivable	35	45	42	38
Due from other governments	<u>948</u>	<u>2,641</u>	<u>3,095</u>	<u>494</u>
Total assets	<u>\$ 9,277</u>	<u>\$ 18,406</u>	<u>\$ 16,173</u>	<u>\$ 11,510</u>
Liabilities:				
Accounts payable	\$ 1	\$ 3	\$ 1	\$ 3
Due to other governments	9,276	6,693	4,462	11,507
Deposits payable	<u>-</u>	<u>14,191</u>	<u>14,191</u>	<u>-</u>
Total liabilities	<u>\$ 9,277</u>	<u>\$ 20,887</u>	<u>\$ 18,654</u>	<u>\$ 11,510</u>
 Total Agency Funds				
Assets:				
Cash & equity in pooled investments	\$ 9,802	\$ 17,510	\$ 14,738	\$ 12,574
Interest receivable	42	52	50	44
Due from other governments	1,627	4,301	4,692	1,236
Capital assets (net)	<u>125</u>	<u>-</u>	<u>10</u>	<u>115</u>
Total assets	<u>\$ 11,596</u>	<u>\$ 21,863</u>	<u>\$ 19,490</u>	<u>\$ 13,969</u>
Liabilities:				
Accounts payable	\$ 31	\$ 20	\$ 31	\$ 20
Due to other governments	11,499	7,151	4,767	13,883
Deposits payable	<u>66</u>	<u>14,191</u>	<u>14,191</u>	<u>66</u>
Total Liabilities	<u>\$ 11,596</u>	<u>\$ 21,362</u>	<u>\$ 18,989</u>	<u>\$ 13,969</u>

Statistical Section

The **Statistical Section** is an important source of information regarding a government's economic condition. There are five categories of statistical tables. Those sections, and related tables, are:

The **Financial Trends** provides selected information from previous years' financial statement to show trends of the city. This section includes the following tables:

- Net Position by Component
- Changes in Net Position
- Governmental Activities Tax Revenue by Source
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds
- General Governmental Tax Revenue by Source

The **Revenue Capacity** provides information useful in assessing the city's ability to raise own source revenue. This section includes the following tables:

- Taxable Sales by Category
- Sales Tax Rates – Direct and Overlapping Governments
- Assessed and Estimated Actual Value of Taxable Property
- Property Tax Rates Direct and Overlapping Governments
- Principal Property Taxpayers
- Property Tax Levies and Collections

The **Debt Capacity** section offers information useful in assessing a government's ability to issue new debt. This section includes the following tables:

- Ratio of Outstanding Debt by Type
- Ratio of General Bonded Debt Outstanding
- Computation of Direct and Overlapping Debt
- Legal Debt Margin Information
- Pledged Revenue Coverage

The **Demographic and Economic Information** offers information designed to help users better understand the socio-economic environment. This section includes the following tables:

- Demographic Statistics
- Principal Employers

The **Operating Information** provides information on the size of the city's workforce, the level of services provided, and the city's capital assets. This section includes the following tables:

- Full-Time Equivalent City Government Employees by Function
- Operating Indicators by Function
- Capital Assets by Function

Table 1

NET POSITION BY COMPONENT^{(A)(B)}

Last Ten Fiscal Years
(in thousands)

Year	Governmental Activities				Business-type Activities				Total - Primary Government			
	Net investment in capital assets	Restricted	Unrestricted	Total	Net investment in capital assets	Restricted	Unrestricted	Total	Net investment in capital assets	Restricted	Unrestricted	Total
2010	\$ 1,494,063	\$ 24,042	\$ 81,936	\$1,600,041	\$ 252,444	\$ 92,384	\$ 30,834	\$ 375,662	\$ 1,746,506	\$ 116,427	\$ 112,770	\$ 1,975,703
2011	1,506,482	11,207	80,770	1,598,459	258,754	102,188	36,542	397,484	1,765,236	113,395	117,312	1,995,943
2012	1,513,235	25,690	58,636	1,597,561	265,524	123,837	30,977	420,338	1,778,759	149,527	89,613	2,017,900
2013	1,563,631	18,054	25,227	1,606,912	277,669	138,021	34,103	449,793	1,841,300	156,075	59,330	2,056,705
2014	1,546,380	47,503	44,716	1,638,599	289,506	529	222,653	512,688	1,835,886	48,032	267,369	2,151,287
2015	1,566,471	91,987	(31,050)	1,627,408	312,700	537	235,263	548,500	1,879,171	92,524	204,213	2,175,908
2016	1,605,104	101,621	(37,081)	1,669,644	336,121	800	215,615	552,536	1,941,225	102,456	178,534	2,222,180
2017	1,626,502	112,522	5,774	1,744,798	353,414	804	249,089	603,307	1,979,916	113,326	254,863	2,348,105
2018	1,661,776	117,031	27,875	1,806,682	375,075	378	282,087	657,540	2,036,851	117,409	309,962	2,464,222
2019	1,707,871	105,692	56,849	1,870,412	403,636	578	325,907	730,121	2,111,507	106,270	382,756	2,600,533

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

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
General government	\$ 25,557	\$ 36,450	\$ 36,392	\$ 28,354	\$ 31,948	\$ 33,611	\$ 39,840	\$ 27,174	\$ 34,751	\$ 38,187
Public safety	79,818	79,163	82,822	84,074	85,734	90,269	90,827	94,620	98,732	107,391
Physical environment	1,801	1,813	1,642	2,892	2,249	2,446	1,509	1,361	1,194	1,452
Transportation	30,413	29,711	27,761	29,147	30,925	36,384	36,729	43,071	40,929	62,788
Economic environment	20,177	18,720	19,037	20,768	23,336	34,571	32,573	31,821	31,259	43,764
Health and human services	7,401	8,195	11,511	7,414	7,596	8,457	6,766	7,492	6,548	6,897
Culture and recreation	36,643	34,948	38,452	39,448	39,776	43,116	39,356	47,522	43,080	42,243
Interest on long-term debt	7,262	7,817	7,910	8,691	8,978	11,148	12,010	11,686	11,097	10,990
Total governmental activities	209,072	216,818	225,526	220,788	230,542	260,003	259,610	264,745	267,590	313,712
Business-type activities										
Water	33,798	34,897	38,708	41,218	46,886	44,529	48,299	45,722	49,899	50,474
Sewer	34,755	39,571	41,089	44,099	44,780	48,683	49,470	47,913	50,623	53,173
Storm & surface water	9,668	10,661	10,950	11,208	11,764	12,699	14,413	15,020	11,973	13,622
Marina	312	261	277	232	273	219	216	349	154	318
Total business-type activities	78,533	85,390	91,024	96,757	103,703	106,131	112,398	109,004	112,649	117,587
Total primary government expenses	\$ 287,605	\$ 302,208	\$ 316,550	\$ 317,545	\$ 334,245	\$ 366,134	\$ 372,007	\$ 373,350	\$ 380,239	\$ 431,299
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 3,151	\$ 9,743	\$ 3,904	\$ 3,764	\$ 3,686	\$ 5,518	\$ 3,519	\$ 3,449	\$ 3,295	\$ 3,801
Public safety	15,346	16,178	18,568	16,874	16,553	19,549	22,274	22,668	23,994	23,713
Physical environment	1,095	994	813	588	735	692	705	708	742	641
Transportation	721	1,071	1,930	1,940	6,391	10,098	8,518	11,361	15,224	7,626
Economic environment	9,165	8,564	11,311	12,545	17,296	18,797	19,334	17,444	17,873	24,502
Health and human services	371	463	496	530	545	555	2,150	3,015	3,048	412
Culture and recreation	8,078	8,922	8,873	9,186	9,183	102,220	11,569	11,258	11,488	11,992
Operating grants and contributions	9,196	8,423	8,188	7,851	7,585	11,427	8,043	7,542	7,542	18,168
Capital grants and contributions	2,550	6,563	3,919	5,136	13,373	17,239	9,811	20,027	10,969	28,532
Total governmental activities program revenues	49,673	60,922	58,003	58,413	75,346	94,097	85,924	97,471	94,175	119,387

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities										
Charges for Services										
Water	\$ 35,645	\$ 37,253	\$ 41,686	\$ 48,417	\$ 52,181	\$ 57,666	\$ 57,215	\$ 61,622	\$ 64,373	\$ 67,555
Sewer	42,534	46,304	47,202	51,270	53,359	56,628	59,678	61,758	63,479	66,384
Storm & surface water	16,138	16,383	16,730	18,872	20,446	21,333	22,593	23,376	24,490	26,178
Marina	497	538	564	575	585	625	624	606	653	715
Operating grants and contributions	-	-	-	-	-	-	-	-	104	75
Capital grants and contributions	7,155	3,575	4,693	5,141	7,619	5,611	6,068	6,617	7,644	20,341
Total business-type activities program revenues	101,969	104,054	110,875	124,275	134,190	141,863	146,179	153,979	160,743	181,248
Total primary government program revenues	151,642	164,976	168,877	182,688	209,536	235,959	232,103	251,450	254,918	300,635
Net (Expense)/Revenue										
Governmental activities	\$ (159,399)	\$ (155,896)	\$ (167,523)	\$ (162,375)	\$ (155,196)	\$ (165,906)	\$ (173,686)	\$ (167,274)	\$ (173,415)	\$ (194,325)
Business-type activities	23,436	18,664	19,851	27,518	30,487	35,732	33,781	44,975	48,094	63,661
Total primary government net expense	\$ (135,963)	\$ (137,232)	\$ (147,673)	\$ (134,857)	\$ (124,709)	\$ (130,175)	\$ (139,905)	\$ (122,299)	\$ (125,321)	\$ (130,664)
General Revenues and Other Changes in Net Assets										
Governmental activities										
Taxes										
Property tax	\$ 35,364	\$ 36,337	\$ 37,538	\$ 38,302	\$ 38,379	\$ 40,222	\$ 41,304	\$ 55,907	\$ 57,754	\$ 59,210
Retail sales and use tax	44,984	46,357	48,596	53,072	59,278	66,173	69,686	72,981	78,251	83,781
Utility tax	25,071	25,941	25,813	228,103	26,790	27,219	27,169	29,386	29,036	27,092
Business and occupation tax	25,103	25,753	27,492	28,783	34,856	36,551	38,380	43,530	47,811	43,012
Excise tax	10,521	6,680	13,646	12,090	14,665	19,515	22,815	21,350	20,951	28,310
Hotel/motel tax	6,095	6,776	7,469	9,176	8,975	10,191	11,214	11,780	12,645	12,531
Other tax	598	515	476	446	590	474	1,837	1,969	2,065	2,115
Payments from component unit	133	31	20	10	10	9	11	9	11	10
Grants and contributions - unrestricted	1,553	1,450	1,700	1,258	1,424	1,721	1,202	2,746	1,398	1,525
Unrestricted investment interest	1,479	1,458	630	884	962	1,349	1,622	2,098	3,459	5,214
Gain (loss) in change of fair value of investments	(477)	547	(83)	(801)	417	(131)	(304)	(490)	341	1,124
Miscellaneous	(659)	2,293	357	484	721	269	823	572	750	1,513
Gain (loss) on sale of capital assets	339	310	328	285	61	(685)	221	991	2,682	283
Transfers	(527)	(134)	(561)	(366)	(246)	(141)	(60)	48	(171)	382
Total governmental activities	149,577	154,314	163,423	171,725	186,882	202,736	215,920	242,879	256,983	266,102

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities										
Unrestricted investment interest	\$ 1,254	\$ 1,529	\$ 757	\$ 924	\$ 1,213	\$ 1,581	\$ 2,099	\$ 2,857	\$ 4,496	\$ 6,830
Gain (loss) in change of fair value of investments	(462)	542	167	(911)	11,947	7,425	(432)	(707)	432	1,613
Miscellaneous	811	953	1,519	1,556	979	1,054	1,747	3,658	1,041	861
Gain (loss) on sale of capital assets	-	-	-	3	236	201	46	44	(1)	-
Transfers	527	134	561	366	246	141	60	(48)	171	(382)
Total business-type activities	2,129	3,158	3,003	1,937	14,621	10,401	3,520	5,804	6,139	8,922
Total primary government	\$ 151,706	\$ 157,473	\$ 166,425	\$ 173,663	\$ 201,504	\$ 213,137	\$ 219,441	\$ 248,684	\$ 263,122	\$ 275,024
Change in Net Position										
Governmental activities	\$ (9,822)	\$ (1,582)	\$ (4,101)	\$ 9,351	\$ 31,687	\$ 36,829	\$ 42,235	\$ 75,605	\$ 83,568	\$ 71,777
Business-type activities	25,565	21,823	22,854	29,455	45,109	46,133	37,301	50,780	54,233	72,583
Total primary government	\$ 15,743	\$ 20,241	\$ 18,753	\$ 38,806	\$ 76,796	\$ 82,963	\$ 79,536	\$ 126,385	\$ 137,801	\$ 144,360

(A) All amounts are reported on the accrual basis.

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

Table 3

GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE

Last Ten Fiscal Years

(in thousands)

<u>Fiscal Year</u>	<u>Total Taxes</u>	<u>General Property Taxes</u>	<u>General Sales Taxes</u>	<u>Utility Taxes</u>	<u>Business and Occupation Taxes</u>	<u>LFR Local Option Sales and Use Tax</u>	<u>Excise Taxes</u>	<u>Other Taxes and Assessments^(A)</u>	<u>Memo Only Hotel/Motel Tax^(B)</u>
2010	\$ 141,641	\$ 35,364	\$ 44,984	\$ 25,071	\$ 25,103	\$ -	\$ 10,521	\$ 598	\$ 6,095
2011	141,583	36,337	46,357	25,941	25,753	-	6,680	515	6,776
2012	153,562	37,538	48,596	25,813	27,492	-	13,646	476	7,469
2013	160,796	38,302	52,757	28,103	28,783	315	12,090	446	9,176
2014	174,558	38,379	58,717	26,790	34,856	561	14,665	590	8,975
2015	190,154	40,222	65,551	27,219	36,551	622	19,515	474	10,191
2016	201,190	41,304	69,184	27,169	38,380	502	22,815	1,837	11,214
2017	225,124	55,907	72,481	29,386	43,530	500	21,350	1,969	11,780
2018	236,368	57,754	77,751	29,036	47,811	500	20,951	2,065	12,645
2019	243,520	59,210	83,281	27,092	43,012	500	28,310	2,115	12,531

^(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. A portion of the receipts are passed directly through to the BCCA and a portion of funds are used towards BCCA bond repayment.

Table 4
Page 1 of 4

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>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund										
Nonspendable for:										
Prepays	\$ -	\$ -	\$ 406	\$ 408	\$ 391	\$ 732	\$ 491	\$ 522	\$ 2	\$ 488
Total nonspendable fund balance	<u>-</u>	<u>-</u>	<u>406</u>	<u>408</u>	<u>391</u>	<u>732</u>	<u>491</u>	<u>522</u>	<u>2</u>	<u>488</u>
Assigned for:										
General government	991	1,180	1,454	701	980	1,333	1,640	1,086	1,050	1,125
Public safety	-	-	-	-	-	-	-	57	60	-
Transportation	-	-	-	-	-	-	-	716	3,591	863
Economic environment	-	-	-	-	-	-	-	-	16,056	23,368
Health & human services	771	-	-	-	-	98	58	-	-	772
Culture & recreation	1,193	-	-	873	705	912	1,132	914	1,253	2,126
Debt services	-	-	-	-	-	-	-	-	-	-
Total assigned fund balance	<u>2,955</u>	<u>1,180</u>	<u>1,454</u>	<u>1,574</u>	<u>1,685</u>	<u>2,343</u>	<u>2,830</u>	<u>2,773</u>	<u>22,010</u>	<u>28,254</u>
Restricted for:										
General government	-	-	114	-	-	-	-	-	3	-
Public safety	-	-	-	-	-	-	245	342	287	647
Debt Service	-	-	-	-	-	-	-	-	-	-
Health & human services	-	567	-	-	-	-	38	225	2,472	13
Total restricted fund balance	<u>-</u>	<u>567</u>	<u>114</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283</u>	<u>566</u>	<u>2,762</u>	<u>660</u>
Unassigned	18,112	20,873	20,873	23,051	25,978	31,309	36,907	44,735	44,193	47,784
Total unassigned fund balance	<u>18,112</u>	<u>20,873</u>	<u>20,873</u>	<u>23,051</u>	<u>25,978</u>	<u>31,309</u>	<u>36,907</u>	<u>44,735</u>	<u>44,193</u>	<u>47,784</u>
Fund Balance - General fund	<u>\$ 21,067</u>	<u>\$ 22,620</u>	<u>\$ 22,847</u>	<u>\$ 25,033</u>	<u>\$ 28,054</u>	<u>\$ 34,384</u>	<u>\$ 40,511</u>	<u>\$ 48,597</u>	<u>\$ 68,967</u>	<u>\$ 77,186</u>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Other Governmental Funds										
Assigned for:										
General government	\$ 7,100	\$ 3,579	\$ 7,718	\$ 1,255	\$ 1,275	\$ 3,042	\$ 492	\$ 10,648	\$ 30,119	\$ 36,486
Public safety	13,506	11,961	10,429	8,383	6,720	5,272	3,899	1,981	537	-
Physical environment	1,138	970	835	1,100	960	1,299	1,420	1,306	1,386	407
Transportation	2,722	243	864	-	-	-	6,204	-	-	2,973
Economic environment	-	162	1,687	4,367	6,160	-	-	1,627	-	1,256
Health & human services	5,300	4,342	3,308	3,725	4,130	5,093	398	1,698	3,651	-
Culture & recreation	7,370	5,179	580	966	-	-	466	707	-	1,148
Debt services	1,782	1,705	2,177	-	-	-	-	1,012	1,049	559
Total assigned fund balance	<u>38,918</u>	<u>28,141</u>	<u>27,598</u>	<u>19,796</u>	<u>19,244</u>	<u>14,707</u>	<u>12,880</u>	<u>18,979</u>	<u>36,742</u>	<u>42,829</u>
Committed for:										
General government	-	-	-	-	-	-	-	189	2,201	-
Physical Environment	-	-	-	-	-	-	-	-	-	2,065
Transportation	-	-	-	-	-	-	-	2,078	-	-
Economic Environment	-	-	-	-	-	-	-	-	-	2,687
Total committed fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,267</u>	<u>2,201</u>	<u>4,752</u>
Restricted for:										
General government	-	23	681	50,095	16,006	51,842	38,975	19,012	571	-
Public safety	703	740	702	1,300	1,581	1,005	825	6,323	12,780	18,855
Physical environment	564	367	823	109	538	94	394	595	1,413	13
Transportation	8,477	12	-	1,159	8,614	10,800	9,604	18,213	34,942	16,116
Economic environment	11,201	8,324	6,401	4,082	755	8,708	12,386	12,210	281	241
Health & human services	-	-	3,102	3,203	3,202	3,090	8,387	5,083	5,372	10
Culture & recreation	3,892	8,801	13,971	10,697	9,104	14,989	20,676	23,963	21,737	35,146
Debt services	85	6	10	1,879	2,479	1,459	1,867	110	103	642
Total restricted fund balance	<u>24,922</u>	<u>18,274</u>	<u>25,690</u>	<u>72,524</u>	<u>42,279</u>	<u>91,987</u>	<u>93,114</u>	<u>85,515</u>	<u>77,199</u>	<u>71,023</u>
Fund Balance - Other Governmental Funds	<u>\$ 63,840</u>	<u>\$ 46,415</u>	<u>\$ 53,288</u>	<u>\$ 92,320</u>	<u>\$ 61,523</u>	<u>\$ 106,694</u>	<u>\$ 105,994</u>	<u>\$ 106,761</u>	<u>\$ 116,142</u>	<u>\$ 118,605</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>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental Funds										
Nonspendable for:										
Prepays	\$ -	\$ -	\$ 406	\$ 408	\$ 391	\$ 732	\$ 491	\$ 522	\$ 2	\$ 488
Total nonspendable fund balance	<u>-</u>	<u>-</u>	<u>406</u>	<u>408</u>	<u>391</u>	<u>732</u>	<u>491</u>	<u>522</u>	<u>2</u>	<u>488</u>
Assigned for:										
General government	8,091	4,759	9,172	1,956	2,254	4,376	2,132	11,732	31,169	37,611
Public safety	13,506	11,961	10,429	8,383	6,720	5,272	3,899	2,038	597	-
Physical environment	1,138	970	835	1,100	960	1,299	1,420	1,306	1,386	407
Transportation	2,722	243	864	-	-	-	6,204	716	3,591	3,836
Economic environment	-	162	1,687	4,367	6,160	-	-	1,627	16,056	24,624
Health & human services	6,071	4,342	3,308	3,725	4,130	5,191	456	1,698	3,651	772
Culture & recreation	7,370	5,179	580	1,839	705	912	1,598	1,621	1,253	3,274
Debt services	1,782	1,705	2,177	-	-	-	-	1,012	1,049	559
Total assigned fund balance	<u>40,680</u>	<u>29,321</u>	<u>29,052</u>	<u>21,370</u>	<u>20,929</u>	<u>17,051</u>	<u>15,710</u>	<u>21,752</u>	<u>58,752</u>	<u>71,083</u>
Committed for:										
General government	-	-	-	-	-	-	-	189	2,201	-
Physical Environment	-	-	-	-	-	-	-	-	-	2,065
Transportation	-	-	-	-	-	-	-	2,078	-	-
Economic Environment	-	-	-	-	-	-	-	-	-	2,687
Total committed fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,267</u>	<u>2,201</u>	<u>4,752</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>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Restricted for:										
General government	\$ -	\$ 23	\$ 795	\$ 50,095	\$ 16,006	\$ 51,842	\$ 38,975	\$ 19,012	\$ 574	\$ -
Public safety	703	740	702	1,300	1,581	1,005	1,070	6,664	13,067	19,502
Physical environment	564	367	823	109	538	94	394	595	1,413	13
Transportation	8,477	12	-	1,159	8,614	10,800	9,604	18,219	34,942	16,116
Economic environment	11,201	8,324	6,401	4,082	755	8,708	12,386	12,210	281	241
Health & human services	-	567	3,102	3,203	3,202	3,090	8,425	5,307	7,844	23
Culture & recreation	3,892	8,801	13,971	10,697	9,104	14,989	20,676	23,963	21,737	35,146
Debt services	85	6	10	1,879	2,479	1,459	1,867	110	103	642
Total restricted fund balance	<u>24,922</u>	<u>18,841</u>	<u>25,804</u>	<u>72,524</u>	<u>42,279</u>	<u>91,987</u>	<u>93,397</u>	<u>86,082</u>	<u>79,961</u>	<u>71,683</u>
Unassigned	<u>18,112</u>	<u>20,873</u>	<u>20,873</u>	<u>23,051</u>	<u>25,978</u>	<u>31,309</u>	<u>36,907</u>	<u>44,736</u>	<u>44,193</u>	<u>47,784</u>
Total unassigned fund balance	<u>18,112</u>	<u>20,873</u>	<u>20,873</u>	<u>23,051</u>	<u>25,978</u>	<u>31,309</u>	<u>36,907</u>	<u>44,736</u>	<u>44,193</u>	<u>47,784</u>
Fund balance - governmental funds	<u>\$ 83,713</u>	<u>\$ 69,035</u>	<u>\$ 76,135</u>	<u>\$ 117,353</u>	<u>\$ 89,577</u>	<u>\$ 141,080</u>	<u>\$ 146,505</u>	<u>\$ 155,358</u>	<u>\$ 185,109</u>	<u>\$ 195,790</u>

^(A) All amounts are reported on the modified accrual basis

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes and special assessments	\$147,820	\$148,773	\$163,104	\$169,498	\$184,380	\$200,357	\$211,295	\$236,955	\$244,132	\$259,732
Licenses and permits	4,850	4,606	5,478	4,718	9,246	9,308	11,516	9,969	10,948	14,536
Intergovernmental	26,978	27,430	29,912	26,462	31,196	33,826	44,920	48,611	34,847	42,423
Service charges and fees	23,973	24,541	28,708	33,263	37,392	44,799	31,400	29,393	38,492	38,614
Fines and forfeitures	1,238	2,650	1,865	1,168	1,073	2,176	2,880	2,014	2,261	2,156
Interest and penalties	1,014	1,058	455	715	755	1,076	1,303	1,701	2,894	4,453
Net change in fair value of investments	(308)	358	(146)	(639)	354	(133)	(244)	(390)	287	944
Rent	4,607	5,133	4,820	4,829	5,249	6,624	6,419	4,896	5,184	7,100
Judgements and settlements	-	-	-	-	-	-	8	-	11	3,631
Premiums and contributions	1,075	686	434	2,691	3,332	4,081	1,721	4,189	2,378	4,366
Other	248	921	306	876	843	709	1,435	954	1,321	1,107
Total revenues	211,497	216,156	234,936	243,581	273,821	302,824	312,653	338,293	342,755	379,062
Expenditures										
General government	26,074	24,781	25,024	27,231	32,376	31,432	30,167	28,273	30,325	38,280
Public safety	80,733	80,143	83,044	86,634	87,717	91,040	90,928	95,476	102,063	105,768
Physical environment	1,793	1,746	1,544	2,666	2,191	2,382	1,330	1,391	1,207	1,462
Transportation	29,793	30,625	32,258	31,461	34,678	40,235	29,432	34,332	35,961	51,649
Economic environment	20,043	18,726	18,882	21,065	23,283	34,643	35,645	36,836	39,417	44,415
Health and human services	7,533	8,383	8,328	7,609	7,864	8,596	6,786	7,442	6,586	6,898
Culture and recreation	33,751	33,269	35,446	37,927	37,762	40,466	38,524	36,558	37,896	40,373
Capital outlay	19,383	21,713	14,552	44,971	60,613	83,794	51,010	66,346	40,426	60,954
Debt service										
Principal	4,664	4,668	4,208	20,612	6,387	6,050	7,192	9,542	9,875	10,333
Interest and fiscal charges	7,386	7,866	7,150	8,987	9,532	9,250	15,485	12,804	12,136	11,680
Total expenditures	231,153	231,920	230,435	289,163	302,403	347,888	306,499	329,000	315,892	371,812

Table 5
Page 2 of 2

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Other Financing Sources (Uses)										
Transfers in	\$ 23,325	\$ 17,821	\$ 19,481	\$ 37,243	\$ 21,022	\$ 22,433	\$ 27,193	\$ 26,861	\$ 30,770	\$ 35,977
Transfers out	(11,534)	(16,734)	(16,901)	(35,964)	(20,241)	(22,897)	(27,920)	(28,033)	(31,669)	(36,975)
Proceeds from long-term debt	14,863	-	-	-	-	91	-	-	908	6,133
Refunding bonds issued	9,595	-	(107,854)	70,405	-	97,935	-	-	-	-
Payment to refunded bond escrow agent	(9,600)	-	107,854	-	-	(13,072)	-	-	-	-
Sale of capital assets	42	-	-	-	26	118	-	731	2,879	39
Premium on issuance of long-term debt	1,131	-	-	11,930	-	11,958	-	-	-	-
Total other financing sources (uses)	27,822	1,087	2,580	83,613	807	96,566	(727)	(440)	2,888	5,174
Net change in fund balance	\$8,166	(\$14,677)	\$7,081	\$38,031	(\$27,775)	\$51,503	\$5,427	\$8,853	\$29,751	\$12,424
Debt service as a percentage of noncapital expenditures	5.69%	5.96%	5.26%	12.12%	6.58%	5.79%	8.88%	8.51%	7.99%	7%

^(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)

Fiscal Year	Total Taxes	General Property Taxes	General Sales Taxes	Utility Taxes	Business and Occupation Taxes	LRF Local Option Sales and Use Tax	Other Taxes and Assessment ^(B)	Memo Only Hotel/Motel Tax ^(C)
2010	\$ 141,723	\$ 35,337	\$ 44,984	\$ 25,076	\$ 25,285	\$ -	\$ 11,041	\$ 6,095
2011	141,996	36,401	46,357	25,921	26,208	-	7,109	6,776
2012	155,634	37,821	48,596	26,476	28,690	-	14,051	7,469
2013	160,322	37,939	52,757	28,103	28,673	315	12,535	9,176
2014	175,404	38,440	58,717	26,790	35,880	561	15,016	8,975
2015	190,166	40,187	65,551	27,219	37,025	622	19,562	10,191
2016	200,081	41,256	69,183	27,169	38,987	502	22,984	11,214
2017	225,200	55,974	72,481	29,386	43,530	500	23,329	11,780
2018	231,488	57,667	77,751	29,060	43,506	500	23,002	12,645
2019	247,201	59,231	83,281	27,118	46,662	500	30,409	12,531

^(A) All amounts are reported on the modified accrual basis

^(B) Includes miscellaneous tax revenues and special assessments.

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

City of Bellevue, Washington

Table 7

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 ^(B)
Contracting	\$603,334	\$569,506	\$537,336	\$695,970	\$981,629	\$1,363,843	\$1,439,618	\$1,579,775	\$1,538,415	\$1,256,670
Manufacturing	77,831	73,089	62,910	66,172	74,024	76,751	82,192	94,236	126,221	93,187
Transportation, communications, and utilities	211,877	227,732	237,651	261,264	281,680	322,087	313,202	345,163	413,748	291,768
Finance, insurance, and real estate	130,987	129,894	141,318	148,445	145,878	187,217	261,724	202,781	192,955	151,377
Wholesale trade	302,105	301,079	317,937	336,048	345,609	393,174	340,796	357,548	479,677	327,991
Retail - building materials	101,484	98,429	103,783	114,651	122,930	132,481	134,739	133,530	128,599	114,208
Retail - general merchandise	196,797	197,946	201,437	217,414	216,008	202,926	176,441	188,332	203,095	141,613
Retail - food	82,700	80,515	91,170	96,819	98,556	100,303	95,884	99,667	104,032	74,009
Retail - automotive	756,742	783,644	865,344	937,893	1,002,045	1,059,875	1,147,166	1,252,278	1,446,424	997,705
Retail - apparel	405,998	447,179	486,211	496,795	482,848	502,078	507,741	511,368	531,937	371,524
Retail - furniture and accessories	350,641	325,897	380,545	312,593	336,678	349,400	392,609	409,314	442,617	317,310
Retail - restaurants	347,268	378,827	410,862	427,739	449,249	481,320	515,601	552,794	607,142	476,354
Retail - miscellaneous	395,200	417,755	447,389	463,937	497,860	530,147	561,930	584,338	641,498	501,160
Services - hotels	153,772	171,489	186,571	199,665	218,118	247,476	270,072	286,425	306,679	234,857
Services - business	328,005	360,918	339,930	395,436	479,356	480,886	611,070	682,897	744,410	665,762
Services - other	246,900	252,608	262,115	267,384	270,096	282,981	301,751	308,410	327,476	251,448
All other categories	1,245	1,004	1,414	1,170	1,162	1,084	1,220	988	1,327	1,045
Total sales	\$4,692,889	\$4,817,512	\$5,073,923	\$5,439,394	\$6,003,725	\$6,714,030	\$7,153,756	\$7,589,845	\$8,236,252	\$6,267,990

^(A) The city is prohibited by law from reporting individual sales taxpayers

^(B) 4th quarter 2019 data not available at the time of printing

Source: Washington State Department of Revenue Quarterly Business Review reports

SALES TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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%
Optional tax - City of Bellevue ^(A)	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%
King County	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%	0.075%
Transit - King County (METRO)	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%
King County Mental Health	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%	0.100%
Criminal Justice tax (0.10% total) ^(B)										
City of Bellevue (estimate based on population)	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%	0.006%
King County (estimate based on population)	0.094%	0.094%	0.094%	0.094%	0.094%	0.094%	0.094%	0.094%	0.094%	0.094%
Sound Transit (RTA) ^(C)	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	0.900%	1.400%	1.400%	1.400%
Total Local Rate	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.500%	3.500%	3.500%
City of Bellevue portion of Local Rate:										
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 of Local Rate	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%	0.931%
King County portion of Local Rate	2.069%	2.069%	2.069%	2.069%	2.069%	2.069%	2.069%	2.569%	2.569%	2.569%
State of Washington	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%
Total Sales Tax Rate	9.500%	9.500%	9.500%	9.500%	9.500%	9.500%	9.500%	10.000%	10.000%	10.000%

SALES TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

- (A) Under Bellevue City Code 4.12.025 and RCW 82.14.030, the city may, at the discretion of the City Council, impose an additional sales tax up to 0.5 percent. The city collects the maximum amount allowed of this tax.
- (B) Criminal Justice tax is 0.01 percent of the gross sale. Ten percent of this is paid directly to King County, and the remaining 90 percent is shared between cities within the county. King County retains the portion for unincorporated areas within the county. In 2019, the city's estimated population was 145,300 and the County's population was 2,226,300. Bellevue represented 6.5 percent of the total population of King county and as such would receive 0.006 percent of this tax
- (C) Effective April 1, 2017 the regional transit authority (RTA) portion of the combined retail sales tax rate in King, Pierce, and Snohomish Counties in Washington increased five-tenths of one percent (0.5%) for a total RTA rate of one and four-tenths of one percent (1.4%). This tax increase was approved by voters with the passage of Proposition 1 which will expand and coordinate light-rail, commute-rail, and express bus service, and improve access to transit facilities in King, Pierce, and Snohomish Counties.

Sources:

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

Table 9

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY^(A)
 Last Ten Fiscal Years
 (in thousands, except tax rate)

Fiscal Year	Assessed and Estimated Actual Value					Grand Total	Total Direct Tax Rate
	Real Property	Personal Property	State Public Service Property	Exemptions	Omits ^(B)		
2010	\$ 32,224,417	\$ 1,209,975	\$ 668,110	\$ 157,291	\$ -	\$ 33,945,211	\$ 1.06
2011	30,291,931	1,220,536	672,827	176,038	-	32,009,256	1.13
2012	29,171,374	1,193,494	659,024	113,809	-	30,910,083	1.20
2013	30,866,059	1,324,322	609,300	122,721	-	32,676,960	1.18
2014	34,292,361	1,275,456	579,835	116,663	-	36,030,989	1.07
2015	39,536,877	1,165,860	734,283	110,666	5,452	41,320,902	0.98
2016	42,830,040	1,095,002	621,096	111,493	-	44,434,645	0.94
2017	47,695,767	1,219,490	583,806	128,759	-	49,370,305	1.14
2018	54,621,525	1,241,081	624,729	138,047	-	56,349,288	1.03
2019	63,060,612	1,264,406	661,148	140,984	-	64,845,181	0.92

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

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

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

Source: King County Assessor

Table 10

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

<u>Fiscal Year</u>	<u>City of Bellevue</u>	<u>School District</u>	<u>King County</u>	<u>Washington State</u>	<u>Port of Seattle</u>	<u>Other</u>	<u>Total</u>
2010	\$ 1.06	\$ 2.22	\$ 1.28	\$ 2.22	\$ 0.22	\$ 0.89	\$ 7.89
2011	1.13	2.73	1.34	2.28	0.22	0.99	8.69
2012	1.20	3.00	1.42	2.42	0.23	0.98	9.24
2013	1.18	3.25	1.54	2.57	0.23	1.01	9.77
2014	1.07	3.19	1.52	2.47	0.22	1.05	9.52
2015	0.98	3.13	1.35	2.29	0.19	0.93	8.87
2016	0.94	3.14	1.48	2.17	0.17	0.88	8.78
2017	1.14	2.93	1.38	2.03	0.15	1.09	8.72
2018	1.03	2.80	1.33	2.92	0.14	0.97	9.19
2019	0.92	2.43	1.22	2.63	0.12	0.90	8.21

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

Source: King County Assessor

Table 11

PRINCIPAL PROPERTY TAXPAYERS

Current year and nine years ago

Rank	Taxpayer	Type of Business	2019		Rank	2010	
			2019 Assessed Valuation (in millions)	Percentage of Total Assessed Valuation ^(A)		2010 Assessed Valuation (in millions)	Percentage of Total Assessed Valuation ^(A)
1	Microsoft	Computer Software	\$ 854	1.33%	^(B)	-	0.00%
2	Kemper Development (Bellevue Square)	Land Management	853	1.33%	2	\$ 313	0.00%
3	Essex Property Trust (formerly Essex Portfolio LP)	Property management	608	0.94%	8	115	0.34%
4	Kilroy Realty (formerly Three Bellevue Center LLC)	Property management	557	0.87%	7	128	0.38%
5	Bellevue Place	Property management	549	0.85%	5	241	0.72%
6	LS2 Office LLC	Real Estate	515	0.80%	^(B)	-	0.00%
7	FSP-City Center Plaza LLC	Property management	387	0.60%	^(B)	-	0.00%
8	Puget Sound Energy-Elec/Gas	Utility Services	334	0.52%	4	244	0.73%
9	Hines Global Reit Summit HO	Property management	333	0.52%	^(B)	-	0.00%
10	Newport Corporate Center	Property management	323	0.50%	^(B)	-	0.00%
^(B)	KBS Strategic Opportunity (W2007 Seattle; formerly Archon Group LP)	Real Estate Investment	^(B)	-	1	393	1.18%
^(B)	The Boeing Company	Aerospace	^(B)	-	3	252	0.75%
^(B)	City Center Bellevue Development	Property management	^(B)	-	6	196	0.59%
^(B)	Sterling Realty Org	Property management	^(B)	-	9	113	0.34%
^(B)	BRE Properties		^(B)	-	10	96	0.29%
			<u>\$ 5,314</u>	8.26%		<u>\$ 2,091</u>	6.25%

^(A) 2019 assessed valuation for 2020 tax collection. Total 2019 assessed valuation, in millions, is \$64,324. Total 2010 assessed valuation, in millions, was \$33,434

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

Source: King County Assessor

Table 12

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

(in thousands)

<u>Fiscal Year</u>	<u>Total Tax Levy^(A)</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>
2010	\$ 36,030	\$ 35,561	98.7%	\$ 469	\$ 36,030	100.0%
2011	36,471	36,078	98.9%	399	36,477	100.0%
2012	36,921	36,530	98.9%	393	36,923	100.0%
2013	38,339	37,888	98.8%	457	38,346	100.0%
2014	38,592	38,183	98.9%	409	38,592	100.0%
2015	39,832	39,393	98.9%	445	39,837	100.0%
2016	41,426	40,958	98.9%	466	41,424	100.0%
2017	56,026	55,647	99.3%	376	56,023	100.0%
2018	57,888	57,400	99.2%	431	57,832	99.9%
2019	59,411	58,934	99.2%	-	58,934	99.2%

^(A) The total tax levy is the certified tax levy adopted by City ordinance.

Note: The amounts presented on this table include omits and levy changes, in addition to collections for both the prior and current year.

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

Table 13

RATIO OF OUTSTANDING DEBT BY TYPE
 Last Ten Fiscal Years
 (in thousands, except per capita)

Fiscal Year	Governmental Activities					Business-Type Activities				Total primary government	Percentage of personal income ^(B)	Per capita
	General obligation bonds	Special assessments	Conditional purchase contracts	PWTF loans	Line of credit	General obligation bonds	Revenue bonds	PWTF loans				
2010	\$ 147,316	\$ 795	\$ 1,100	\$ 638	\$ 15,047	\$ 3,068	\$ -	\$ 159	\$ 168,123	2.47%	\$ 1,374	
2011	143,970	100	450	598	15,047	2,751	-	103	163,019	2.26%	1,321	
2012	151,598	55	-	558	15,047	2,481	-	66	169,805	2.14%	1,363	
2013	227,496	10	-	518	-	2,168	-	29	230,221	2.78%	1,743	
2014	220,204	-	-	478	-	1,760	-	-	222,442	2.19%	1,655	
2015	310,670	-	-	438	-	1,363	-	-	312,471	3.19%	2,089	
2016	301,894	-	-	398	-	965	-	-	303,257	2.82%	2,175	
2017	290,768	-	-	358	-	477	-	-	291,603	2.49%	2,175	
2018	280,299	-	-	319	-	-	-	-	280,618	2.18%	1,971	
2019	274,989	-	-	279	-	-	-	-	275,268	N/A ^(A)	1,894	

^(A) Personal Income data not available at time of printing.

^(B) See Demographic Statistics, Table 18: Demographic Statistics, for personal income and population data.

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Source: City of Bellevue Community Development Department

Table 14

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

(in thousands, except per capita)

Fiscal Year	GO Bonds	Less Debt Service Funds	Net Bonded Debt	Percentage of estimated actual taxable value of property^(A)	Net Bonded Debt per Capita^(B)
2010	\$ 147,316	\$ 2,172	\$ 145,144	0.43%	\$ 1,186
2011	143,970	1,976	141,994	0.44%	1,151
2012	151,598	2,462	149,136	0.48%	1,197
2013	227,496	2,138	225,358	0.69%	1,706
2014	220,204	3,018	217,186	0.60%	1,616
2015	312,034	1,839	310,195	0.68%	2,073
2016	302,860	1,575	301,285	0.68%	2,161
2017	291,245	288	290,957	0.59%	2,068
2018	280,299	103	280,196	0.50%	1,968
2019	274,989	642	274,347	0.42%	1,888

^(A) See Table 9: Assessed and Estimated Actual Value of Taxable Property for property value statistics

^(B) See Table 18: Demographic Statistics for population statistics

Table 15

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
As of December 31, 2019
(in thousands)

<u>Jurisdiction</u>	<u>Net Outstanding Debt</u>	<u>Percentage Applicable to Bellevue ^(A)</u>	<u>Amount Applicable to Bellevue</u>
City of Bellevue	\$ 275,268	100.00%	\$ 275,268
King County	637,707	10.71%	68,298
School District #405	797,869	81.47%	650,024
School District #414	606,646	1.04%	6,309
School District #403	221,090	2.85%	6,301
School District #411	686,151	12.69%	87,073
Port of Seattle	335,470	10.71%	35,929
Hospital District #2	171,543	0.04%	69
Rural Library District	66,743	19.00%	12,681
Fire District #10	<u>3,089</u>	11.68%	<u>361</u>
Total other jurisdictions	3,526,308	24.59%	867,044
Total Direct and Overlapping Debt	<u>\$ 3,801,576</u>	30.05%	<u>\$ 1,142,312</u>

^(A) Determined by ratio of 2019 assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in reporting unit.

Note: Total general obligation bonds outstanding on December 31, 2019 exclusive of refunded bonds.

Source: King County Department of Finance

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Debt Limit	\$2,551,417	\$2,405,906	\$2,323,305	\$2,450,772	\$2,450,772	\$3,099,068	\$3,332,598	\$3,702,773	\$4,226,197	\$4,863,389
Total net debt applicable to limit	<u>187,526</u>	<u>196,897</u>	<u>190,186</u>	<u>187,585</u>	<u>217,512</u>	<u>292,461</u>	<u>312,743</u>	<u>299,875</u>	<u>287,670</u>	<u>281,142</u>
Legal debt margin	<u>\$2,363,891</u>	<u>\$2,209,009</u>	<u>\$2,133,119</u>	<u>\$2,263,187</u>	<u>\$2,233,260</u>	<u>\$2,806,607</u>	<u>\$3,019,855</u>	<u>\$3,402,898</u>	<u>\$3,938,527</u>	<u>\$4,582,247</u>
Total net debt applicable to the limit as a percentage of debt limit	7.35%	8.18%	8.19%	7.65%	8.88%	9.44%	9.38%	8.10%	6.81%	5.78%

LEGAL DEBT MARGIN INFORMATION
December 31, 2019
(in thousands)

Description	Councilmanic Debt (Non-Voted)	Voted Debt	General Purpose Indebtedness ^(A)	Excess Levy Open Space and Park	Excess Levy Utility Purposes	Total Debt Capacity
Assessed Value	\$ 64,845,181	\$ 64,845,181	\$ 64,845,181	\$ 64,845,181	\$ 64,845,181	\$ 64,845,181
Statutory debt limit percentages:	1.50%	1.00%	2.50%	2.50%	2.50%	7.50%
Statutory Debt limit	\$ 972,678	\$ 648,452	\$ 1,621,130	\$ 1,621,130	\$ 1,621,130	\$ 4,863,389
Debt applicable to limit						
Bonds outstanding	\$ 274,989	\$ -	\$ 274,989	\$ -	\$ -	\$ 274,989
Capital Lease BCCA - 1994	6,534	-	6,534	-	-	6,534
Less:						
Cash on hand for debt redemption ^(B)	381	-	381	-	-	381
Total Net Debt applicable to limit	281,142	-	281,142	-	-	281,142
Remaining Debt Capacity	\$ 691,536	\$ 648,452	\$ 1,339,988	\$ 1,621,130	\$ 1,621,130	\$ 4,582,247

^(A) The principal portion of the Bellevue Convention Center Authority's (BCCA) capital lease is included in the city's debt calculation because the BCCA qualifies as a component unit under Section 2100 of the GASB Codification.

^(B) Includes year-end balances available in the I&D Redemption Fund designated for future redemption of the associated bonds less bond interest payments.

Source: King County Assessor: This figure represents the city's final assessed valuation for 2018 which will be used to determine the 2019 property tax levy.

Table 17

PLEDGED REVENUE COVERAGE
Last Ten Fiscal Years
(in thousands)

Fiscal Year	Revenue Bonds							Special Assessment Bonds				
	Gross Revenue ^(A)	Expenses ^(B)	Net revenue available for debt service	Debt Service Requirements			Coverage ^(C)	Special Assessment Collections	Debt Service			
				Principal	Interest	Total			Principal	Interest	Total	Coverage
2010	\$ 102,010	\$ 73,342	\$ 28,668	\$ 1,361	\$ 1,550	\$ 2,911	9.85	\$ 475	\$ 403	\$ 58	\$ 461	1.03
2011	6,776	-	6,776	1,550	7,660	9,210	0.74	425	35	8	43	9.88
2012	7,469	-	7,469	1,585	8,040	9,625	0.78	412	45	8	53	7.77
2013	9,176	-	9,176	1,150	3,920	5,070	1.81	445	45	6	51	8.73
2014	8,975	-	8,975	1,197	4,483	5,680	1.58	351	-	3	3	117.00
2015	10,191	-	10,191	1,005	4,020	5,025	2.03	47	-	-	-	N/A
2016	11,214	-	11,214	1,246	5,354	6,600	1.70	-	-	-	-	N/A
2017	11,780	-	11,780	1,227	5,817	7,044	1.67	-	-	-	-	N/A
2018	12,645	-	12,645	1,204	6,321	7,525	1.68	-	-	-	-	N/A
2019	12,531	-	12,531	1,180	6,795	7,975	1.57	-	-	-	-	N/A

^(A) Gross revenues as defined in applicable bond indentures for the Water and Sewer Utility Funds
^(B) Total expenses excluding depreciation, amortization, bond interest, and utility taxes
^(C) Average annual requirements over the remaining life of current outstanding revenue bond issues.

Note: Revenue bond information for fiscal years 2010 – 2019 represent amounts for the discretely presented component unit, Bellevue Convention Center Authority. There are no expenses for 2019 as the entire revenues collected are pledged to BCCA. Hotel/motel tax revenues from the Hotel/Motel Tax Fund are included as Gross Revenues. In addition, we excluded revenues generated by BCCA, as they are not pledged to debt coverage, and included hotel/motel tax revenues from the Hotel/Motel Tax Fund.

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^(A)	Unemployment Rate	CPI-U%
2010	122,363	\$ 56,098	\$ 6,864,320	38	50,355	17,783	130,249	7.4%	0.3%
2011	123,400	59,371	7,326,381	38	50,933	18,048	133,846	6.6%	2.7%
2012	124,600	66,043	8,228,958	38	51,493	18,351	138,904	5.6%	2.5%
2013	132,100	66,692	8,810,013	38	54,422	18,515	136,084	4.3%	1.2%
2014	134,400	72,696	9,770,342	39	55,644	19,097	148,788	4.1%	1.8%
2015	135,000	76,226	10,290,510	37	55,922	19,613	150,579	4.0%	1.4%
2016	139,400	79,323	11,057,626	39	58,058	19,974	146,115	3.6%	2.1%
2017	140,700	83,383	11,731,988	37	58,293	20,262	147,647	3.4%	3.0%
2018	142,400	90,438	12,878,371	37	58,939	20,272	150,148	3.2%	3.2%
2019	145,300	(B)	(B)	(B)	59,566	21,776	(B)	(B)	2.5%

^(A) The methodology used in estimating jobs data was revised in December 2017; however, the data presented in this table remains as previously reported.

^(B) Data not available at time of publication

Sources:

- 1) Population and number of households provided by Washington State's Office of Financial Management.
- 2) Per Capita Personal Income data was provided by US Bureau of Economic Analysis. Estimates are for King County, in which Bellevue is located. Bellevue data was not available.
- 3) Personal Income was calculated from Per Capita Personal Income and Population estimates and is presented in thousands.
- 4) Median Age was provided by the U.S. Census Bureau's annual American Community Surveys and the 2010 Census.
- 5) Public School Enrollment was provided by the Bellevue School District.
- 6) Number of Jobs was provided by the Puget Sound Regional Council.
- 7) Unemployment Rate was provided by the Bureau of Labor Statistics. Please note previous years may reflect revised inputs, reestimation, and/or adjustment to new state control totals.
- 8) CPI-U was provided by the Bureau of Labor Statistics and is for Seattle-Tacoma-Bremerton Metropolitan Area.

Table 19

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	Type of Business	2019			2010		
		Rank	Number of Employees ^(A)	Percentage of Total City Employment ^(B)	Rank	Number of Employees ^(A)	Percentage of Total City Employment ^(B)
Microsoft Corporation	Technology	1	8,700	5.67%	1	6,500	4.97%
T-Mobile USA	Cellular Telephones	2	6,300	4.11%	2	4,000	3.06%
Overlake Hospital Medical Center	Medical Hospital	3	3,100	2.02%	4	2,500	1.91%
Bellevue School District	Education K-12	4	2,800	1.82%	6	2,000	1.53%
Amazon	Online Retail	5	2,500	1.63%	(C)	(C)	(C)
Bellevue College	Higher Education	6	1,900	1.24%	7	1,600	1.22%
City of Bellevue	Government	7	1,700	1.11%	8	1,600	1.22%
Boeing	Aviation	8	1,500	1.17%	3	3,200	2.44%
Concur	Online Travel	9	1,300	0.85%	(C)	(C)	(C)
Symetra Financial	Financial Services	10	1,000	0.65%	(C)	(C)	(C)
Expedia	Online Travel	(C)	-	0.00%	5	2,100	1.60%
Verizon Wireless	Cellular Telephones	(C)	-	0.00%	9	1,500	1.15%
Puget Sound Energy	Utility Services	(C)	-	0.00%	10	1,100	0.84%
			<u>30,800</u>	<u>20.07%</u>		<u>26,100</u>	<u>19.94%</u>

(A) Number of employees provided by the City of Bellevue Community Development Department. Note, estimates are rounded to the nearest 100.

(B) Percentages of total employment were based on a projection of total employment. Actual estimates of total employment citywide will not be released until June of the following year. The Puget Sound Regional Council's estimate of total employment in March of the following year was used to calculate the percentage of total employment represented by major employers nine years ago.

(C) Employer was not a principal employer in this period.

Note: Total estimated numbers of employees at the end of 2019 was 153,500. Total estimated numbers of employees at the end of 2010 was 130,900.

Source: City of Bellevue Community Development Department

Table 20

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Function:										
General government	384	358	337	351	352	382	386	389	405	415
Public Safety										
Police										
Officers	181	180	178	180	180	180	186	184	184	185
Civilians	42	35	35	35	35	41	41	41	41	46
Fire										
Firefighters and officers	216	212	216	216	220	214	216	216	213	227
Civilians	33	31	29	27	25	28	28	28	28	24
Transportation	117	115	112	116	117	122	129	140	142	143
Culture and recreation	166	164	162	162	162	165	165	166	165	168
Water	66	66	66	66	66	69	69	71	71	71
Sewer	46	46	47	49	49	51	52	52	53	52
Storm Drainage	48	49	49	48	48	47	48	50	50	50
Total	<u>1,299</u>	<u>1,256</u>	<u>1,231</u>	<u>1,250</u>	<u>1,252</u>	<u>1,299</u>	<u>1,321</u>	<u>1,338</u>	<u>1,355</u>	<u>1,381</u>

Source: City of Bellevue Budget Office

Table 21
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OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function:										
Public safety/judicial:										
Police:										
Offenses:										
Rape	10	23	26	20	25	25	15	24	25	28
Robbery	59	58	67	48	65	64	63	59	87	77
Homicide	-	2	2	1	2	2	-	-	-	1
Assault	538	553	517	491	438	489	479	519	609	562
Auto theft	207	157	169	249	314	221	323	331	386	351
Burglary	657	607	685	688	631	732	636	570	524	403
Larceny	2,905	2,775	2,649	3,013	3,662	3,484	3,615	3,568	3,602	3,565
Citations:										
Traffic	20,959	18,084	15,809	18,089	16,447	11,428	13,021	11,872	8,239	9,611
Criminal	2,266	2,577	2,695	2,052	1,752	1,587	1,827	2,302	2,618	2,055
Judicial system:										
Handled by district court	23,225	20,661	18,504	20,141	18,199	13,015	14,848	14,174	10,857	11,666
Fire:										
First response:										
Buildings	96	86	117	135	170	162	198	192	178	172
Non-Buildings	184	157	197	224	228	340	251	325	288	223
Service	340	350	293	436	519	598	840	1,252	1,706	1,845
False alarm	1,438	1,342	1,320	1,429	1,584	1,507	1,548	1,702	1,536	1,756
Other	860	838	832	928	995	1,006	981	1,033	1,004	1,095
Medic 1 Responses:										
First aid	13,571	13,469	13,851	13,796	14,244	14,606	14,951	15,319	15,307	15,618
Runs per week	261	259	266	265	274	281	288	295	294	300

OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function:										
Transportation:										
Area of roadway repaired (sq. ft)	13,510	28,999	48,929	34,518	50,406	39,073	29,192	30,407	20,951	18,239
Miles of streets swept	4,410	3,962	3,601	2,892	5,182	5,696	4,856	3,373	4,812	6,627
Area of sidewalk repaired (sq. ft)	3,153	6,374	9,283	14,664	16,070	23,643	22,235	1,550	4,596	8,174
Physical/economic environment:										
Building permits issued	11,506	11,261	12,380	14,239	14,263	14,470	15,185	14,999	15,084	16,134
Estimated value (in millions)	209	168	377	560	715	950	793	718	942	712
Culture and recreation:										
Number of rounds of golf played	73,902	70,368	62,143	71,335	66,182	81,039	77,270	71,105	77,682	75,920
Water utility:										
Water consumption (CCF in thousands)	6,277	6,349	6,652	6,623	6,776	7,068	6,854	6,829	6,759	6,427
Number of customers:										
Residential	34,667	34,723	34,797	34,879	35,004	35,086	35,150	34,301	34,352	34,380
Multi-residential	650	661	662	661	663	680	666	660	688	691
Commercial	1,808	2,087	2,091	2,071	2,076	2,070	2,064	2,062	2,048	2,053
Total number of customers	37,125	37,471	37,471	37,611	37,743	37,836	37,880	37,023	37,088	37,124
Water consumption peak in a day (millions of gallons)	29	27	29	29	31	32	33	29	31	26

OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function:										
Sewer utility: ^(A)										
Sewer consumption (CCF in thousands)	4,603	5,404	5,400	5,382	5,386	5,634	5,418	5,389	5,725	5,918
Number of customers:										
Residential	34,596	33,320	34,696	34,723	34,780	34,833	34,775	32,580	32,557	32,540
Multi-residential	648	652	654	653	654	656	657	650	676	689
Commercial	1,710	1,709	1,734	1,713	1,705	1,700	1,682	1,667	1,663	1,670
Total number of customers	36,954	35,681	37,084	37,089	37,139	37,189	37,114	34,897	34,896	34,899
Storm and surface water utility: ^(A)										
Number of customers:										
Residential	28,196	28,266	30,309	30,392	30,497	30,529	30,579	30,612	30,623	30,650
Multi-residential	546	530	546	544	545	547	549	549	557	559
Commercial	1,939	1,939	1,960	1,951	1,931	1,929	1,923	1,901	1,899	1,903
Total number of customers	30,681	30,735	32,815	32,887	32,973	33,005	33,051	33,062	33,079	33,112

^(A) 2017 totals declined due to South Cove area being annexed by Issaquah

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

Sources: City of Bellevue Departments - Development Services, Fire, Parks and Community Services, Police, Transportation, and Utilities

CAPITAL ASSETS BY FUNCTION
Last Ten Fiscal Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Function:										
Public Safety:										
Police										
Traffic/patrol units	73	75	73	73	70	68	67	67	72	79
Fire										
Fire stations	9	9	9	9	9	9	9	9	9	9
Fire apparatus	22	22	22	20	20	20	20	20	20	20
Fire aid units	16	16	15	15	15	15	15	14	14	14
Transportation:										
Paved streets (miles)	390	390	412	414	414	416	416	416	416	416
Sidewalks (miles)	329	336	337	341	346	352	358	366	359	359
Traffic signals	183	184	186	187	193	198	200	202	202	203
City of Bellevue streetlights	2,900	3,048	3,106	3,113	3,170	3,192	3,237	3,306	3,312	3,321
Puget Sound Energy streetlights	5,146	5,385	5,610	5,639	5,656	5,835	5,899	5,914	5,951	5,962
Culture and Recreation/Marina:										
Parks acreage	2,707	2,707	2,721	2,721	2,727	2,732	2,732	2,732	2,700	2,704
Parks	77	77	77	77	77	77	77	77	78	78
Maintained trails (miles)	80	92	92	92	93	93	93	98	98	98
Play areas	45	46	46	46	46	46	46	46	47	47
Tennis courts/centers	39	38	38	38	38	38	38	38	38	38
Sports fields	32	34	34	34	34	35	35	35	30	30
Sports courts	27	27	27	27	27	27	27	27	26	26
Swimming beaches/pools	7	7	7	7	7	7	7	7	7	7
Visitor/interpretive centers	4	4	4	4	4	4	4	4	4	4
Community centers/recreation facilities	5	5	5	5	5	5	5	5	7	7
Golf courses	2	2	2	2	2	2	2	2	2	2
Marinas/boat launches	2	2	2	2	2	2	2	2	2	2

CAPITAL ASSETS BY FUNCTION
Last Ten Fiscal Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Function:										
Water Utility:										
Water mains (miles)	616	618	617	619	619	619	620	611	605	605
Vehicles	41	32	34	35	36	40	45	44	45	46
Sewer Utility:										
Sanitary sewers (miles)	525	525	525	526	526	525	525	516	516	516
Vehicles	41	29	27	28	29	36	40	37	35	41
Storm and surface water Utility:										
Vehicles	28	24	25	26	27	29	30	29	31	31

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

Sources: City of Bellevue Departments - Finance and Asset Management, Parks and Community Services, Transportation, and Utilities